

# Unitarian Universalist Association



## Annual Reports

Including Reports from Independent Auditor  
and Financial Advisor

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## **UNITARIAN UNIVERSALIST ASSOCIATION OF CONGREGATIONS 2004 BOARD OF TRUSTEES ANNUAL REPORT**

The Board of Trustees is the governing body of the UUA. The 2003-2004 Board was comprised of 20 District Trustees elected by each District and three at-large and one youth trustee who are elected by delegates to the General Assembly (GA). The GA also elects the President, the Financial Advisor, and the Moderator, who chairs the Board. This year 10 of the Board's 24 members were new to the Board, including Meg Dowdell, the first person elected to the newly created youth trustee position. Also participating is a new youth observer, Tim Fitzgerald, who was elected by his peers at the GA Youth Caucus.

In October the Board received with deep regret the resignation of Diane Olson, who had been elected to the position of Moderator in 2001. The Board conveyed a message of thanks to Ms. Olson, expressing our great appreciation for her many years of service and commitment to Unitarian Universalism. After interviewing five candidates, the Board elected Gini Courter by written ballot to the position of Interim Moderator. Ms. Courter will serve in that position through the June 2004 GA, where delegates will elect a Moderator to complete Ms. Olson's term, scheduled to expire at the end of the 2005 GA. Delegates will elect a Moderator to a full four-year term at the 2005 GA in Fort Worth, Texas.

The Board meets four times a year, three times in Boston and once in conjunction with GA. Full reports of each Board meeting are available on-line at [www.uua.org/TRUS](http://www.uua.org/TRUS) on the UUA website as are board agenda and many Board committee reports. Much of the Board's work is described in other reports and business items and consequently not all actions are included in this report.

### ***Board Process***

A great deal of Board work is carried out in working groups, where issues are analyzed and motions framed in small groups for presentation to the Board as a whole. Last year the Board agreed to realign its working groups to reflect Association purposes as defined in the UUA bylaws—Our Association, Living Our Faith, Growth, and Our Congregations. Learning to work in this new configuration has been a challenge as we clarify our areas of responsibility and identify ways to work together when issues of mutual concern emerge.

In addition to our working group meetings, which consume a major portion of the first day of our three-day meetings, we set aside blocks of time to discuss topics that affect Board and Association functioning as a whole. For example, one evening was devoted to a discussion of whether to divide the role of the Moderator into two positions—a public representative of the Association who would be elected by delegates to GA to chair GA and a second person who would be elected by Board members to serve as Board chair. After careful analysis of the issues, the Board agreed not to move this proposal to the agenda for a formal vote.

The Board has established a Best Practices Committee whose charge is to help the Board

evaluate its processes and suggest strategies that might help us function more effectively. The Committee also serves as a clearinghouse for tasks or issues for which Working Group responsibility is unclear in which case it recommends either assignment to an existing Working Group or the formation of a new committee or task force to address the concern. At our most recent meeting the Best Practices Committee recommended ways to ensure follow up on reports or recommendations, posed questions about how the Board might choose to govern itself, and agreed to develop a template for “statements of work” that would clarify what, when, at what cost, and by whom the work of new committees and task forces would be carried out.

The Board is committed to achieving openness that will enhance trust, right relationship, and accountability within the UUA and continues to seek ways to increase its own transparency and encourage committees to operate openly. In keeping with this commitment the Board voted the formation of an Openness Task Force comprised of four Board members and four UUs selected by subscribers to the OpenUU e-mail list or people who served as liaisons to congregational boards that signed an OpenUU petition to bring the issue of openness before delegates to the 2004 GA. This Task Force drafted an alternative to the rule change originally submitted for consideration by the delegates in Long Beach, and both versions appear on the final agenda for the 2004 GA.

The Board continues to examine models of governance and explore whether and how we might use alternative methods of governance to conduct our business.

### ***Agents for Anti-Oppression***

Becoming anti-racist, anti-oppression, and multiculturally competent across the entire Association continues to be a high priority for the Board. All Board members are expected to participate in anti-racism training. This year at the suggestion of the Board’s Anti-Racism Assessment and Monitoring Task Force we read two books—*Soul Work: Anti-Racist Theologies in Dialogue* published by Skinner House and *Uprooting Racism: How White People Can Work for Racial Justice*—and devoted time at each board meeting to viewing and discussing relevant videos. The Board, in a vote that recognized the urgency of educating committee members and ensuring that committee policies, procedures, and operations are assessed with an anti-racist, anti-oppression lens, asked staff to make this issue a priority and report on its progress toward the development of training tools at the April board meeting.

The Board heard a report of the Journey Toward Wholeness Transformation Committee and concluded that, in order to do this work more effectively and establish stronger connections with congregations, we need to clarify roles and relationships. Given limited resources, the Transformation Committee (as it prefers to be called) will focus on assessment and monitoring.

At the suggestion of the Accessibilities Committee the Board now includes in meeting notices a description of accessibility to its meetings and procedures by which individuals can make requests to meet special needs.

## *General Assembly*

The UUA is an association of congregations and its purposes include serving the needs of member congregations. GA offers a forum for congregations to, as President Sinkford said in the January/February *UU World*, “do the business of the Association and to make real the covenant that binds us.” As an association of congregations it makes sense for congregational leadership to participate in conducting that business. Participation by informed and empowered congregational leaders can provide elected national leadership with the opportunity to hear and respond to congregational concerns and priorities while promoting stronger bonds between congregational leadership and the national movement. Consequently, the Board voted to reimburse the registration for congregational presidents or chairs who attend GA in Long Beach as a delegate.

The Board of Trustees spent considerable time brainstorming effective ways to connect congregational presidents to each other and to UUA leadership at GA. Plans include a reception immediately after the district in-gatherings, workshops addressing the role of congregational leaders, and other activities that will contribute to an enjoyable and satisfying experience.

The Board voted to share expenses with the District Presidents Association (DPA) to support a “Summit” before the official beginning of GA that will bring together the DPA, UUA Board and Officers, and UUA staff. The working relationship between the Board and DPA has become increasingly visible and active during the past year under the leadership of DPA President Lynda Bluestein and we look forward to continuing to strengthen this collaboration with our districts.

Last year GA attendees were asked to support the Friends of the UUA with a special contribution. This year the Board is supporting three opportunities for GA attendees to demonstrate their generosity—at the Service of the Living Tradition which honors new, retiring, and deceased ministers; at the Sunday service where the entire collection will go to a community service project to in support of a homeless shelter; and during a plenary session to support Religious Education curriculum development.

The high cost of GA attendance continues to limit access to GA for some potential participants, especially those from smaller congregations. The Board is examining ways to make GA more economically accessible and to encourage congregational support for delegates.

Those who have felt that the Social Witness process has been unduly complex and time-consuming will be pleased by the opportunity to discuss a proposal that aims to increase congregational participation in identifying study action items, streamline the approval process, bring clearer focus to our public witness work through the use of new public policy statements, and provide additional time for implementation.

The Board voted to propose changes to Election Campaign Practices to clarify standards of behavior and to give the Election Campaign Practices Committee the power to enforce those standards.

Two Board members participated with representatives of the Planning Committee on a task force organized by President Sinkford to clarify the mission of General Assembly, the role of the Planning Committee and its relationship to the Board, and ways to connect GA more effectively to the work of the Association.

### *Financial Issues*

The Finance Committee of the Board continues to meet prior to each full Board meeting and provides information and recommendations to the Board. Financial reports have been positive, thanks to improved returns on our investments and the increased generosity of our supporters. Fiscal year 2004 was projected to end in balance; we are grateful to Kay Montgomery, Executive Vice-President, and all the staff for monitoring expenditures. The Association's capital campaign, Campaign for Unitarian Universalism, achieved its goal of \$32,000,000. Beacon Press income continues to be ahead of the three-year plan. We were reminded, however, that the Press continues to be a financial risk.

The FY 05 budget maintains our commitments to UUA priorities despite projections that income, based on a thirteen-month rolling average, will be down. Expenditures will be curtailed in several areas including the Board's line.

The Board approved "umbrella giving," making it possible for a single financial gift to be distributed to multiple UU organizations in the proportion specified by the donor. Costs for administration of the gift will be covered as a UUA development expense and will not be deducted from the net amount distributed to the other organizations.

The Board also voted to add renewable energy as a positive environmental screen for the Socially Responsible Investment Committee to give to our portfolio managers and to recommend to congregations and affiliates.

A newly appointed Audit Committee held its first meeting on April 7. This internal audit committee currently is a Board-level committee with the intention of formalizing it as a Standing Committee in the future. This group of people with expertise in the financial field will serve as a body independent of the Board and the Administration in coordinating our formal annual audit review.

The Board is in deep conversation on how "right relations" can affect our culture of giving. We are examining our attitudes toward giving and whether it would be possible to expect congregations to simply support the Association's needs in lieu of responding to a requested Fair Share amount. We are wrestling with the need to increase the APF amount in FY 06. The Board affirmed that the highest priority of that budget is to increase salaries with the understanding that the staff of the association is central to the mission, ministry, and vision of our movement. Our hope is that we will strengthen and expand stewardship of Unitarian Universalism on many levels, in many ways, and for many reasons. And the conversations will continue.

## ***Other Items***

The Board voted to reword the rule relating to congregations' certification of membership to allow electronic certification.

Although the Board has not yet crafted a policy on how it will respond to issues of public concern, a number of Board members joined the UUA President, Moderator, and two thousand other UUs together with hundreds of thousands of concerned citizens in Washington on April 25 for the Rally for Women's Rights.

The Board received a draft proposal from the Ministerial Fellowship Committee (MFC), a Standing Committee of the Board responsible for credentialing candidates for Unitarian Universalist ministry. Ministerial fellowship is currently granted in three categories: parish ministry, ministry of religious education, and community ministry. The proposal recommends separating approval for fellowship from the identification of specialties and suggests that entering one or more specialties become a part of continuing, lifelong professional development.

As mentioned at the beginning of this report, this is the first year that Board membership has included a youth trustee as well as a youth observer. The Board is continuing to examine the process by which youth representatives are brought to the Board and to whom they are accountable.

We cannot end our report without acknowledging the excellent support we receive from Executive Vice President Kay Montgomery and Nancy Lawrence, Assistant to the Executive Vice President.

This report briefly highlights some of the issues the Board addressed during the past year. We welcome your comments and questions, both at General Assembly and throughout the year, and hope that you will stay informed through frequent visits to our website.

## ***Reports from the Ministerial Fellowship and Religious Education Credentialing Committee***

The Board of Trustees appoints a committee responsible for credentialing our professional ministers and a committee responsible for credentialing directors of religious education. The RE Credentialing Committee is a new committee that began its work this year. These committees' reports follow the Board annual report.

The Rev. Wayne B. Arnason, Secretary



**May 13, 2004**  
**MODERATOR'S REPORT**

I have served as Moderator of the Unitarian Universalist Association for slightly more than six months, so this should properly be called my semi-annual report. I'll make every effort to ensure this report is only half as long as I imagine next year's annual report might be.

When my predecessor, Diane Olson, resigned in early October, the Board was required to fill the vacancy at their next meeting. They designed and published application and interview processes. Five persons applied for consideration, and all candidates were asked a list of questions published in advance on uua.org. The first part of my report is structured around the first interview question asked by Board member Jackie Shanti: "What are your priorities concerning the various roles the Moderator plays?" and my experience answering Jackie's question during the past seven months.

***About the Board and the Transition***

There are three relationships that are critical to the Moderator's ability to contribute meaningfully to the success of the Association: the relationships with our congregations; with the UUA President; and with the Board. Only when the three relationships are vibrant can leaders be equipped to help congregations provide spiritual engagement for current and new members, work for justice in their communities, and promote Unitarian Universalist values in the larger society.

***Relationships with Congregations***

General Assembly is our best venue for building and strengthening the relationships between congregations as well as relationships between individual congregations and elected leadership and the staff. General Assembly should be an institutional showcase where good governance and shared leadership are demonstrated. This Long Beach GA is an important opportunity to begin rebuilding relationships – to intentionally reweave the fabric of our Association. Part of that relational work happens in plenary. The Board leadership, President Bill Sinkford, and Planning Committee chair Linda Friedman all provided significant energy to the effort to craft focused, engaging plenary sessions for this GA. This was not easy, and though the results will only be apparent as we experience this year's GA, I'm grateful for the willing help I received in assembling the agenda. I have more to say about the GA agenda later in this report.

***Relationship with the UUA President***

A healthy Association requires a strong and trusting relationship between the Moderator and President. This relationship isn't celebrated with songs or readings in our hymnal; it isn't even documented in the Bylaws. But this relationship, which President John Buehrens and Moderator Denny Davidoff often called "the dance," can enhance or inhibit the smooth functioning of the

Association. It's a dance that requires strong partners who can improvise quickly when the music changes, who know when each is responsible to lead or to follow. I will never be mistaken for Ginger Rogers, but after eight years on the UUA Board, I understand the rhythm and structure of this dance and am familiar with many of the steps. My commitment to the UUA Board last October was that I would be responsible for learning the other steps: even those that are performed backwards, in heels. I have not had to learn in a vacuum. I have received excellent counsel from other leaders, particularly (and appropriately) from my dance partner. I'm very pleased to report that the respect and admiration that President Sinkford and I have for each other continues to inform our partnership as elected leaders. To put it plainly, I really like working with Bill. And I believe that we get better at the dance every time we hit the floor.

### ***Relationship with the UUA Board of Trustees***

The hard working women and men who serve on the UUA Board spend six weeks a year or more in volunteer service to the Association. The current Board includes ministers, teachers, social workers, retirees, business people, college students, consultants. Their deep love for this faith is reflected in the resources of time and even money that they contribute to our association and their local congregations and districts.

The Board has four working groups: Our Association, Living Our Faith, Congregations, and Growth. Each working group is led by a convener. At the end of the October 2003 Board meeting the working group conveners, committee chairs, and vice-moderators met to develop lists of Board issues, concerns, and agenda items for the January 2004 Board meeting. Within hours I had received the notes from that meeting and a follow-up phone call from one of the committee chairs. What a fabulous welcome! The Board's thoughtful leadership, analysis, and communication made it possible for me to begin serving as Moderator from an informed, relatively non-anxious place.

I also committed that I would work with the Board to create a relationship that appropriately reflects their accountability and leadership. The Working Group Conveners/Committee Chairs meeting that began in October was born of necessity, but was continued in January and April because it works. This group, chaired by the Board's First Vice-Moderator, The Rev. Ned Wight, plans the agenda items for the Board and working groups. As a group, they endeavor to be proactive and ensure that items that require the Board's attention are on the agenda. While I'm responsible for assembling the agenda for each meeting, this process is done in full collaboration with the Working Group Conveners and the UUA President and Executive Vice-President.

### ***Relationships with Other Leaders***

Two weeks after taking office I joined the District Presidents' Association for part of their annual fall meeting. Ten days later, I spent a day with the Leadership Council of the UUA Staff. I've met in person with the Annual Program Fund Continental Committee, the Planning Committee, the Commission on Social Witness, and leaders from the Journey Toward Wholeness Transformation

Committee. I've had electronic, phone, or in-person conversations with the chairs of the Nominating Committee, Ministerial Fellowship Committee, and Commission on Appraisal. At almost every meeting, Association leaders are primed and ready to suggest, support, and even embrace positive change. Leaders are increasingly willing to collaborate with other committees, commissions, and the board. Three examples are worth noting:

At President Sinkford's invitation, members of your General Assembly Planning Committee met with the UUA Board and Administration in January for an initial discussion about the mission of General Assembly. This conversation will continue this fall, and, I hope it will be expanded to include a discussion in plenary session at GA 2005 in Fort Worth.

Earlier this year the Board and General Assembly Planning Committee agreed to pool funds to reimburse registration fees for congregational presidents who attend the Long Beach GA as delegates. The GA Planning Committee reworked the schedule for plenary hall (a daunting task that would have been impossible without the help of Jan Sneegas and her GA Office staff) so that the congregational presidents can meet in the hall on Saturday afternoon. The district presidents have extended personal invitations to hundreds of congregational presidents; some district boards decided to provide matching funds for travel to make it easier for congregational presidents to attend. The congregational presidents are coming to GA! And GA may never be the same.

Just two months ago, the Commission on Social Witness changed their process to create a less anxious, more collaborative process for amending the Statement of Conscience. The Commission is trying the new process at this General Assembly – no focus groups, no five-year study period, just rapid improvement. Let the Commissioners know what you thought of the SOC mini-assembly process.

There's a new spirit of collaboration moving in volunteer leadership. To nurture that spirit that it might remain among us, Bill Sinkford and I will invite members of the elected commissions, committees, and Board of Trustees to attend what we believe is the first-ever Association-wide volunteer leadership summit. We hope that all committees will be able to send representatives to meet, explore mission, and search for synergies.

There are plans underway to use the Tuesday following GA 2005 in Fort Worth to provide anti-racism and anti-oppression training for newly-elected board, committee, and commission members. Could we imagine a leadership training day at GA 2006 with training for congregational leaders? Would your congregation be better equipped to fulfill its mission if you knew that every other year your congregation's president, treasurer, and growth teams could come to General Assembly to learn and to teach others how to be stunningly great at the work with which your congregation has entrusted them? If this possibility excites you, grab the nearest trustee or moderator and let them know.

## *More Changes*

General Assembly lasts less than a week. Our Bylaws empower the Board to act for the Association the other fifty-one weeks of the year. I'm working with the Board and staff to improve communication between the Association (that would be congregations) and the Board during those fifty-one weeks. For the past two years, agendas for the UUA Board and working group meetings have been posted on the UUA web site prior to the meeting. (Here's the web address: <http://www.uua.org/TRUS/>). Beginning with our January meeting, this was expanded to include the entire Board packet. Every item that is distributed to the Board — every report, every written response to a report, every tasty little tidbit consumed by the Board — is posted on [uua.org](http://www.uua.org) at least 10 days prior to the Board meeting. (Thanks to Deborah Weiner and members of the IT staff for making this happen.) When you visit the web site, you'll also find a list of all the board members and the moderator along with our email addresses. This is not accidental.

Some refer to actions such as posting the Board packet as improved “translucency” or even “transparency”. There's nothing wrong with transparency, but it's just not enough. Posting the entire board packet is the next step in something far more exciting and central to the life of the Association than transparency. Our governance assumes that there's a relationship between the issues and actions on the Board agenda and the health and growth of Unitarian Universalist congregations. I fervently hope that congregations will begin to look at the Board packet and agenda and tell us whether that's true. We need to strengthen communication between congregations and elected leaders so we can build relationships that allow us to be both accountable and flexible.

Unitarian Universalists need our leaders to be accountable because our institutional truths are derived from the lived experience of congregations. As a religious community, we need flexibility because only flexible organizations – congregations or Associations – can change. While numerical growth is not the only measure of health, our growth rate has remained unchanged for too long. We must remove the barriers that prevent us from serving even more Unitarian Universalists.

This is a critical time to grow Unitarian Universalism. When I look at our history of action and witness, I know that our voice and values have been needed in every generation. But the need is no less now and this present time is our time. In far too many communities the only religious voices are those of the ultra-conservatives. At the local, state, and federal levels, public institutions founded by our Unitarian and Universalist ancestors have been hijacked by the religious right. If we do not want to be citizens of a world superpower that has its ethics and values dictated by fundamentalists, we must grow Unitarian Universalism today. This is our time.

If we wish to grow, we need to be willing to say that healthy, growing congregations are critically important to Unitarian Universalism now, and in the future. As leaders, we must then align our resources to support growth. We know what it takes to grow because we have plenty of examples in every size range. Derby Line, Vermont and Washington D.C. and the Cumberland

Valley and Carrollton, Texas and Bellevue, Washington are just a few of the places that Unitarian Universalists have found the ingredients of growth: healthy congregations with great relationships with their ministers; a bone-deep hospitality that drives members to genuinely embrace visitors and welcome new members into the life of the congregation; strong religious education programs; a mission that is lived beyond the walls of the congregation. Growth is not a question of resources, or a question of knowledge. It's a question of leadership.

We must learn to communicate our values if we are to reclaim our voice in the public debate. At this GA and next year in Fort Worth, our Unitarian Universalist seminaries have agreed to host substantial conversations in plenary that GA delegates can take back to their congregations for further reflection. This year the Rev. Dr. Lee Barker, President of Meadville Lombard Theological School, is moderating a session on "The Language of Reverence" in Friday's plenary. Starr King Theological School's President, the Rev. Dr. Rebecca Parker, will moderate next year's session; the topic has not yet been determined. I'm grateful to the presidents of both theological schools for focusing their expertise to challenge and empower General Assembly delegates.

*And Finally*

I remain delighted and honored to serve as Moderator of the Unitarian Universalist Association. I continue to be humbled by the trust you and your congregation have placed in me.

Thank you for your work in the service of the vision, mission, and ministry of Unitarian Universalism.

In faith,

Gini Courter, Moderator  
Unitarian Universalist Association

gcourter@uaa.org

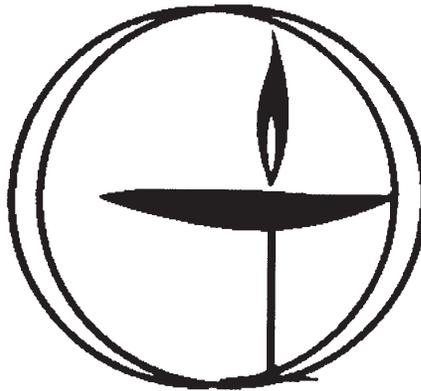


Unitarian Universalist Association

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# Staff Report

June 2004



William G. Sinkford-President

Kathleen Montgomery-Executive Vice President

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## INTRODUCTION

This report outlines for you, by staff group, the work that has been done on your behalf this year by the staff of the Unitarian Universalist Association. It comes with our tremendous appreciation for their extraordinary work in a time of tremendous change and new initiatives in response to the needs of our faith and our congregations.

Also, at the beginning of this document are two special reports: one that briefly describes the work of the Holdeen India Program since its inception twenty years ago and another that attempts to give you a sense of our response to the nationwide issue of marriage equality and efforts that have been initiated by many of our congregations.

If you have questions in response to the information contained here, please feel free to contact Kay Montgomery ([kmontgomery@uua.org](mailto:kmontgomery@uua.org)).

William G. Sinkford, President  
Kathleen Montgomery, Executive Vice President

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## **Unitarian Universalist Holdeen India Program**

Twenty years ago, the Unitarian Universalist Association Board of Trustees had a vision that our faith, combined with the legacy of Jonathan Holdeen, could make a difference in the lives of some of the poorest and most excluded people in India. The UUA gave me the privilege and responsibility to work toward this goal. Today, 20 years later, it is my great pleasure to report that we are living this vision through the extraordinary work of our Unitarian Universalist Holdeen India Program (UUHIP) partners. Let me tell you why. 20 years ago, the UUA Board affirmed that, in accordance with UU principles, we would support leaders and groups who had the courage and commitment to challenge the way power is abused to oppress the most disadvantaged and vulnerable peoples. In India, they are dalits (untouchables), tribals, minorities, especially the women in these groups.

In 1984 we chose Elaben Bhatt and the organization she created, the Self Employed Women's Association (SEWA) as our first partner. Elaben was determined that poor women have a voice in decision making in the family, workplace and government and that they should have economic security and independence. She organized the SEWA union and the SEWA Cooperative Bank, the first of their kind in India, who worked together for women's rights and development. They provide banking, health care, education, childcare and housing services to all their members. Today SEWA has grown from 10,000 members in 1984 (when UUHIP began supporting SEWA's work) to more than 750,000 members in India and branches in Turkey, South Africa and other countries. Elaben has received many international prizes including the Susan B. Anthony Award and Right Livelihood Award (alternate Nobel Prize). She is the first non-American to be elected to the Rockefeller Board of Trustees. We worked with Mrs. Clinton to arrange her visit to SEWA during her 1995 trip to India.

Twenty years ago we also found a young couple, Vivek and Vidyut Pandit, who were organizing slaves to secure their freedom and assert their rights. We provided them resources, information, training and links to international organizations. Since then, they have established several organizations that liberate, organize and reintegrate slaves, none of whom have returned to slavery. These organizations, now led by former slaves, have succeeded in gaining compensation for liberated slaves, the return of tribal lands and in pressuring the government to establish schools for migrant and former bonded and child laborers. For these activities the Pandits received the 2001 Anti Slavery Award. Vivek Pandit spoke on Modern Slavery at the 2003 General Assembly.

Another extraordinary partner is Martin Macwan. Martin was born an untouchable (dalit). He found me in Gujarat in 1988 after upper caste men murdered 4 of his colleagues for including untouchables in village development work. Martin had no money, job or organization, nothing but a vision and determination to fight for dalit rights. We gave Martin a start-up grant and for 7 years were the only organization who supported his work. We also linked him to other dalit groups in India and enabled him to participate in international advocacy training programs; we nominated him for the Robert F. Kennedy Human Rights Award which he won in 2000; we worked with Human Rights Watch which featured Martin in their book about dalits called *Broken People*; we worked with *60 Minutes*' Christiane Amanpour to produce a 20 minute

segment on dalits; and we worked with *National Geographic* to have a cover story in June 2003 on India's untouchables featuring many UUHIP partners. Today Martin and Navsarjan, the organization he started, work in 2000 villages in the Indian state of Gujarat. Martin was elected as the Convener of the National Campaign on Dalit Human Rights who built on their success at the 2001 World Conference Against Racism in Durban to exert a powerful voice in India.

From the beginning, our role in these extraordinary stories has been to search for and support leaders who could inspire and organize the most disadvantaged people in their struggle to address the structural causes of poverty and oppression and to promote economic and social justice. Such support over the long term has enabled our partners to increase their organized strength, promote women's rights and leadership, take on risky and difficult issues, fight gender, caste and communal violence and influence public policy in favor of the poor.

Only UUs would have supported these social change efforts, efforts that truly demonstrate UU values, commitment and strengths in action. What makes me most proud is UU congregations' support after the 2001 earthquake in India. Because of your generosity, Elaben and Martin Macwan were on the ground in the devastated villages with emergency supplies long before any of the government or international aid arrived. And they were there long after these others had left, rebuilding lives, livelihoods, and houses. Thank you for this invaluable support. In the next 20 years, I look forward to finding more ways for UUs to engage with our partners and their work.

Kathy Sreedhar, Executive Director,

## Marriage Equality: Special Report

The last year has been unlike any other time period in Unitarian Universalist history. Unitarian Universalism has made more news in more places with greater impact than ever before. Our ministers, religious leaders, and congregants are stepping forward on the issue of marriage equality for same gender couples in admirable ways. We have had gay and lesbian couples get married in San Francisco and Oregon and UU ministers appearing on CNN. We were the featured resource for the “pro” side of same-sex marriage for the Pew Research Center and our banners that flew on the side of 25 Beacon Street saying, “Civil Marriage is a Civil Right,” attracted press coverage well beyond Massachusetts, spanning not only North America but Europe as well. We are poised for incredible witness in these important times.

Since November 18<sup>th</sup>, 2003 (and actually before though to a lesser extent), when the Goodridge decision came down from the Massachusetts Supreme Court, our witness to the wider world has expanded. This has completely changed many staff people’s work, as queries and information appeared in huge numbers on the computer screens and phone inquiries of the Office of Bisexual, Gay, Lesbian, and Transgender Concerns as well as in the offices of Advocacy and Witness and Electronic Communication. It has also affected the Stewardship and Development, Ministerial and Professional Leadership, and Communications staff groups, and has even impacted Congregational Services’ work around “The Uncommon Denomination” media campaign. This issue has been the major focus of the Public Witness staff gatherings as well.

In terms of strategy, the UUA is positioned well as a staunch ally as well as having many bisexual, gay, lesbian, and transgender members. Keith Kron estimates that in our congregations we are at about 5% membership of openly identified bisexual, gay, lesbian, and transgender persons. (The Fulfilling the Promise survey indicated 5-6%.)

The efforts of the UUA to be an ally have been significant in Massachusetts and elsewhere. Our unique location, next door to the Massachusetts statehouse, has allowed us access to the process in ways that are not possible elsewhere. In addition to the banners and rainbow flags that hung on the front and the side of our buildings for several months, we were able to provide meeting space for legislators hoping to defeat any proposed constitutional amendment that would limit marriage to heterosexual couples. The legislators were able to hold these meetings without fears of being intruded upon by dissenting voices wanting to know their strategy. We have also been a location for press conferences and religious services prior to key events at the Statehouse.

In late February, the entire Public Witness team traveled to New York City, prior to Interweave’s Convocation, and met with Evan Wolfson, head of Freedom to Marry (<http://www.freedomtomarry.org>). (Evan was also the lead attorney for James Dale in the landmark New Jersey Boy Scout case. The Rev. John Buehrens serves on the national board of Freedom to Marry). The meeting with Evan was productive; we learned of the primary groups working on this issue who talk regularly with one another—The A.C.L.U., LambdaLegal, National Coalition for Lesbian Rights, and GLAD (the gay and lesbian legal group here in Massachusetts that successfully led the Goodridge case). We learned of their primary strategy—to get people married. The heroes of this movement here should be the couples themselves because, Evan explained, the more mainstream America can see perfectly normal same-sex

couples who are married, the more likely it will be that opinions will change for those in the middle. Evan said a third of the country is fine with same-sex marriage, a third is against, and then there is the middle third. Our collective struggle is to win over the middle third.

While those numbers may seem bleak, in actuality, they are quite good. In 1958, ten years after the California Supreme Court ruled that interracial marriage was legal, only 4-9% of the US population approved of interracial marriage. In 1968, a year after the US Supreme Court case that ruled for interracial marriage, 25% of the US population was in support of the rights of interracial couples to marry. (Today that figure is 77%).

As a result of this meeting with Evan Wolfson, the UUA's strategy, when asked, is to encourage our clergy and congregations to have the focus be as much as possible on the couples that wish to be or are getting married. While it is significant that so many of our clergy wish to make a difference, we are encouraging them to witness in ways that allow the focus to be on the couples they marry or try to marry. This has been a part of every communication we have had in our conversations with constituents.

As you know, much has happened in places outside of Massachusetts. The city of San Francisco began marrying people earlier this year until they were ordered to stop. Many UUs were married that weekend and Rev. Margot Campbell Gross signed her first wedding license in over seven years. Additionally, our ministers in Multnomah County, Oregon (Portland), have been marrying couples as well.

In New Paltz, New York, a town of some 6,000 people, (many of them young, thanks to the presence of SUNY-New Paltz) the Mayor began marrying same-sex couples on Feb. 27. When ordered to stop, Rev. Kay Greenleaf and Rev. Dawn Sangrey stepped in and began performing marriages— issuing affidavits of marriage, since the local Town Clerk would not issue licenses for them. The Mayor and our two ministers have been charged by the state of New York for solemnizing marriages without a license. Kay's and Dawn's arraignment was March 22<sup>nd</sup>; they have pleaded not guilty to the charges brought against them. Many UUs have rallied in support of their cause. As of March 21, 63 couples had been married in New Paltz by eight different UU ministers. In addition to Kay and Dawn, Rev. Marion Visel, Rev. Barbara Fast, Rev. Carol Huston, Rev. Debra Haffner, Rev. Charles Ortman, and Rev. Katherine Hepler have performed these ceremonies in New Paltz. None of these clergy have been charged yet.

We have also received an incredible number of sermons, have seen images of banners placed on church buildings, read testimonies given before state legislatures (mainly trying to prevent constitutional amendments), placed advertisements in newspapers, and witnessed celebrations of love and commitment (Orlando's celebration made every local newspaper and news station) happening all over the country.

Our web coverage has been extensive. Over 20 times same-sex marriage has been the front-page feature since November 17<sup>th</sup>. We have now devoted individual pages to actions in five states (California, Florida, Massachusetts, New York, and Oregon). Our website is filled with additional resources and links for constituents. There is hope for a bulletin board so that people in different states can exchange information and share what works with one another, to be up by

early April. Additional resources are added daily. While there is much more work than available time, and a balancing act between what should receive front page coverage on our website, the electronic communication staff have done an excellent job of keeping information out there for our constituents.

The Washington Center staff, The Rev. Meg Riley, Rob Keithan, and Kiersten Homblette have been working to monitor and provide resources and information on the national proposed federal amendment to the Constitution. The Rev. David Pettee and the Rev. Beth Williams attended a full day of the second Massachusetts Constitutional Convention and filed a report which appears on the OBGLTC website. Bumper stickers proclaiming, "Civil Marriage is a Civil Right" are part of the "Uncommon Denomination" effort. A banner has been produced in support of same sex marriage and sent to the Pacific Central District for their use at an upcoming public witness event; this banner will be available to travel to other districts as similar events occur. The May-June issue of UU World is focused on same sex marriage. Many UUA staff have represented the UUA at various gatherings.

We have also found this to be an effective issue around which to raise essential funds to help raise our voice and support local initiatives. Through the work of the Stewardship and Development staff, we have created the President's Freedom to Marry Fund. Bill Sinkford announced the creation of this fund at the national bisexual, gay, lesbian, and transgender Interweave Convo on the weekend of February 28-29, 2004. People made donations on the spot totaling over \$3000. More importantly, the Convo attendees were thrilled by the fact that the UUA was taking such an overtly public stance in favor of civil marriage as a civil right.

The enthusiasm is typified in the letter we received from Unitarian Universalists, Judith A. Curby and Gayle A. Smalley, who said:

*We are deeply gratified by the UUA's increasing prominence and participation in matters of national and cultural significance. Especially in the marriage debate, the voice of liberal religion has a unique and profound role. Thank you, Rev. Sinkford and [the] UUA for all you are doing to promote just marriage laws. As patriotic citizens, proud Unitarian Universalists, and a lesbian couple nervously planning a June wedding, your prominent leadership role serves both as an inspiration and comfort for us.*

We are publicizing the opportunity to contribute to the Freedom to Marry Fund in the following ways:

- A mailing to all Massachusetts ministers
- A mailing to 20,000-plus "Friends of the UUA"
- An ad in the May/June issue of UU World
- A flyer in the March congregational mailing
- Electronic buttons and banners on the UUA.ORG web site which allows individuals to make an online contribution to this effort.
- A notice in the Interweave newsletter
- Flyers that are available to congregations interested in distributing information on the fund to their members.

The Fund is has already received over \$90,000 in gifts. The money will be used to support nationwide public witness work for equality in marriage, such as the ½ page ad that appeared in the Boston Globe, the creation of banners that can be used in districts, and other innovative opportunities that arise.

## **Advocacy and Witness Staff Group**

**Mission:** The Advocacy and Witness (A & W) staff group represents Unitarian Universalism to the wider world, seeking to create healing and justice. This work is grounded in the beliefs that Unitarian Universalism has gifts to offer the world, and also that intentional engagement with the wider world enhances the vitality and relevance of the faith. The staff members' engagement takes place in the public realm through interfaith and secular partnerships that express shared values, through speaking out in discussions of public policy, and by maintaining a presence in the media. This staff group also works to build the capacity of Unitarian Universalists, in the U.S. and internationally, to be effective agents of justice in their own congregations, communities, and in the wider world.

The Advocacy and Witness staff group is an interdisciplinary team, bringing together all of the UUA staff whose primary function is interfacing with the wider world—that is, the Washington Office for Advocacy, the Information and Public Witness Office, the Office of International Relations, the Holdeen India Programs, and the Office of Congregational Advocacy and Witness. This year, in honor of the 20<sup>th</sup> anniversary of its existence, the Holdeen India report is included separately as a kind of retrospective. Our work is centered around the following areas:

### **Voting :**

Advocacy and Witness staff have worked diligently to involve Unitarian Universalists in all aspects of voter registration, mobilization, and education, and with poll monitoring. The UUA is conducting this work through a number of partnerships with interfaith and secular groups. The staff have developed a resource for congregational engagement entitled “Faithful Democracy: UU Congregations and the 2004 Elections,” which includes a great deal of information about how to do this work. They have also created “The Real Rules,” which explains IRS guidelines for voter work by non-profits. Both may be found, with many other resources, at [www.uua.org/voting](http://www.uua.org/voting).

**Same-Sex Marriage:** In the wake of the June, 2003, Supreme Court decision to decriminalize consensual sexual activity between same-sex adults, and particularly in the wake of the Massachusetts Supreme Court decision to legalize same-sex marriage, the UUA has been massively involved in advocacy for same-sex marriage. This has generated more media than we have ever known, and advocacy work in local, state and federal arenas, and staff have worked extensively with local ministers to assist their media work.. This work is so extensive that a separate report details it.

**Womens' Rights:** This work has been given a terrific boost thanks to the UU Women's Federation, which made a substantial financial contribution to endow the Clara Barton Internship on Women's Issues. The first intern started work last fall, and has been focused primarily around issues of reproductive health. In addition to lobbying in Washington and creating an action packet for congregational action, staff worked to mobilize UUs for the April 25 March for Womens' Lives in Washington, DC. At least 2500 UUs from over 200 congregations participated.

**Separation of Church and State:** The UUA got involved in several court cases by signing on to Friends of the Court briefs, including opposition to “under God” in the pledge of allegiance. The primary focus in this area continues to be opposing tax dollars to fund religious discrimination, largely under the auspices of the Faith-Based Initiative, or Charitable Choice.

**War and Peace:** In a year in which war dominated the landscape, Advocacy and Witness staff helped with several initiatives to further peace and understanding. Staff work with many coalitions working towards peace, including Churches for Middle East Peace, Religions for Peace, Win Without War, and through long-standing partnership with the Rissho Kosei-Kai.

**Threats to Civil Liberties:** Staff coordinated UU involvement in an interfaith commemoration of the 2<sup>nd</sup> Anniversary of the Patriot Act through Witness for Civil Liberties weekend. More than 100 congregations participated in some way. The office has created an action packet on civil liberties to help congregations take effective action.

UUs provided emergency support for Filipino/a UUs forced to flee their homes by government military oppression and harassment, simply because they lived in an area where insurgent opposition is evident. The UU Church of the Philippines successfully led a negotiated settlement with the government, making it safe for our folk to go home.

**Economic Justice:** The Office of International Relations helped to develop the Jowai Unitarian Youth Cooperative; a micro-lending cooperative movement to fund new businesses for underemployed and unemployed (though educated) indigenous Unitarian youth in India. The Office of International Relations, the UU UNO, the Partner Church Council, and the International Council of Unitarians and Universalists are collaborating on a program to engage UUs in the Philippines in leading much needed community development work.

With the UUA Committee on Socially Responsible Investing, staff developed resources for congregations and worked with the committee on the UUA's investments through the addition of a renewable energy screen and on shareholder advocacy. A "Getting Started in SRI" packet for congregations was developed and posted on the SRI website. (See [www.uua.org/justice](http://www.uua.org/justice) and click on Responsible Investing). Staff gathered stories of congregational SRI activity and sent out news and resources on SRI News. An SRI workshop track was developed for General Assembly. A letter was sent to all corporations in the UU portfolio to ask them if they have signed on to the Equality Principles and offer domestic partner benefits. Staff supported UUA shareholder advocacy on issues of corporate governance, non-discrimination and equitable global labor practices.

Staff advocated for a federal budget that prioritizes the needs of families living at or near poverty. The collaboration between the UUA and RESULTS, a grassroots network dedicated to eradicating the worst aspects of poverty, continues to grow, due to the continuation of generous funding for an internship in the Washington Office to focus on economic justice.

Staff and volunteers continue to support congregations who are involved with community organizing, and to facilitate communications among these congregations. Staff are also working at denominational levels to strengthen interfaith commitment to effective community organizing.

**Congregational Support and Assistance:** The Information and Public Witness staff has provided crisis communications counsel to many ministers and congregations throughout the year. Media training has been provided in districts and ministerial clusters. The office for Congregational Advocacy and Witness has worked throughout the year with congregations to help them develop effective social justice programs. Bi-weekly communications are sent to SAC-news, a listserv for social action chairs. All staff have provided workshops, forums, and worship services in a variety of congregational and district contexts.

**Other Significant work this year:** The Office of Information and Public Witness arranged an audience between President Bill Sinkford and the Dalai Lama, and another between Sinkford and the CEO of Associated Press.

The Information Office gave more than 70 group tours of the UUA this year, and, as the first point of contact for both UUs and others, fielded tens of thousands of emails and telephone calls.

All staff of Advocacy and Witness continue to represent the UUA in countless coalitions, Boards of Directors, and Advisory boards for work related to the UUA's values.

### **Congregational Services Staff Group**

*Committed to anti-oppression and justice, the Congregational Services Staff Group supports the health, growth and transformation of congregations and individuals in fulfilling their mission, in living up to their potential for ministry and witness in a world in need of what our faith offers.*

### **Anti Oppression Work and Congregational Services**

Our institutional commitment to becoming an anti racist, anti oppressive multicultural faith community has never been stronger. Much has been done to embed anti-racism, anti-oppression and multiculturalism in the work of our staff. This work continues in each area of Congregational Services. Staff and consultants are part of two initiatives now underway:

- The Anti-Racist Multicultural Welcoming Congregation, planned for launch in June 2005, will replicate components of the Welcoming Congregation program while addressing specific concerns related to race and ethnicity.
- The Anti-Oppression Consultancy Program, planned for launch in Spring 2005, will provide multiple entry points for congregations seeking to expand and deepen their anti-oppression work whether they focus on racism, heterosexism/homophobia, ableism, classism.

Each of these initiatives is intended to leverage areas where transformation will have the greatest impact on Unitarian Universalism - motivating and supporting congregations, strengthening religious professionals and lay leadership, supporting effective ministries, and making our congregations healthy and vital communities for all those seeking a free and liberal faith.

### **The Uncommon Denomination**

Following a thorough review of the media campaign test that took place in Kansas City January – June 2003 and taking into account subsequent requests for the resources tested there, web based resources for congregations ([www.uua.org/uncommondenomination](http://www.uua.org/uncommondenomination)) were rolled out between November 2003 and March 2004. They include:

- Resources on Hospitality and Belonging to help congregations reach out to seekers, welcome guests in, and welcome into membership those who wish to join.

- Where to Begin offers information on how congregations can access and use the Uncommon Denomination resources.
- Tier 1 Media Resources for “in-reach” within congregations, focused on UU identity and awareness using graphics and messages also used in the media resources.
- Tier 2 Media Resources provide print ads and radio public service announcements.
- Tier 3 Media Resources provide more print and radio advertising, add TV and outdoor advertising and resources for creating a tabloid insert for a local major daily paper.
- Issue Ads Resources provide print ads for use as flyers, table signs, banners, newsletter inserts, and as print ads in local daily or neighborhood papers. Ad messages support voter registration and participation, rights for bisexual, gay, lesbian and transgender persons and same gender marriage rights.

### **Ethics in Congregational Life**

Resources and consultation available through this program assist congregations in risk management, developing policies, procedures, and covenants on ethics and safety, crisis and conflict management and other related matters. During the past year

- resources such as sample limited access agreements and an outline of the UUA process for handling complaints of misconduct by religious professionals have been added to the Ethics and Safety web site on [www.uua.org](http://www.uua.org);
- *Balancing Acts: Justice, Compassion, Accountability and Safety* by the Reverend Debra W. Haffner was written to assist congregations faced with decisions about the inclusion of someone with a history of sexual abuse
- a draft of the second edition of *Creating Safe Congregations* was completed and is expected to be published by June 2005
- a workshop on *Creating Sexually Healthy Faith Communities* was made available to congregations, districts and religious professionals.

### **New Congregation and Growth Resources**

The "Planning for Growth and Vitality Weekend Workshop for the Small Congregation" was scheduled in 7 districts for a total of 9 workshops. "Planning for Growth and Vitality Weekend Workshop for the Mid-Size Congregation" will be launched in fall of 2004. The growth consultants delivering these workshops received antiracism/anti-oppression training this year. The staff provided custom training to 3 district growth/extension teams. In the past year 9 districts received support through one or more of these district-level growth programs.

Print and web based resources produced include "Adding Worship Services: A How-to Manual," with updated information, a wide range of process options, and a broadened sense of outreach to underserved communities. "Your Congregation's Bylaws: A Guide to Effective Writing and Revising" includes resources for congregations of all sizes and ages. The "New Congregation Development Best Practices Resource" will guide congregations and districts in supporting grass roots new starts. Work on an all-new, antiracist Congregational Handbook has begun.

In FY04 11 congregations in 7 districts in the United States and one region of Canada were provided subsidies totaling \$130,000.00 from the grant given to the UUA from the Veatch Program of the Unitarian Universalist Congregation at Shelter Rock. These were distributed through the Extension Ministry (5 congregations), New Congregation Ministry (5 congregations), Extension RE Leadership (7 of the 11 congregations in Extension or New Congregations Ministry), and Racial/Cultural Diversity Ministry (1 congregation) Program

### **Partnerships for Growing our Faith**

Congregational Services staff and consultants joined with local and District leaders and together we:

- launched the new Pathways Congregation into a 14 month period of organizing and worked with the Dallas Fort Worth Metroplex Growth Steering Committee to assess and plan for next steps toward other goals in the strategy for growing UUism
- supported the gathering of growth strategy teams in the Baltimore/Washington, DC area and in the Philadelphia/Wilmington area and their planning efforts
- began conversations about a possible satellite new start congregation
- are supporting a growth plan for outreach to the African American community in Prince Georges County by the Davies Memorial UU congregation
- completed a marketing plan and media buy for use of some of The Uncommon Denomination resources in conjunction with this General Assembly; provided resources and support to congregations in the greater Long Beach to assist them in taking advantage of this marketing effort
- began conversations about the possibilities for a greater Houston area marketing campaign

### **Congregational Justice Making**

During this year our support for congregational justice making has included:

- Social Justice Empowerment Programs in Rockville, Maryland, Summit, New Jersey, Carbondale, Illinois, and Northampton, Needham, and Arlington, Massachusetts – assisting in strengthening their capacities to engage in justice work in the congregation and their communities
- Jubilee One workshops in Cleveland (West Shore), Ohio, Greensboro, North Carolina, Greenfield and Arlington, Massachusetts, and with the Pacific Southwest District Board – exploring many facets of racism and anti racism, and beginning action planning to address issues.
- Jubilee Two programs with congregations from Titusville, New Jersey, Brooklyn, New York, Savannah, Georgia, Long Beach, California, All Souls New York, All Souls Washington, DC and Hartford, West Hartford, and Manchester, Connecticut – helping congregational leaders understand how racism functions institutionally, and considering what this means within their own context.

In addition, staff and consultants developed and piloted four modules for training congregational transformation teams, provided support to a variety of youth and young adult anti-racism programs and planning meetings. Other anti-racism resources available to our congregations

included the *Journey Toward Wholeness Sunday resources*, the *Journey Toward Wholeness web site*, and the *Journey Toward Wholeness Newsletter*.

### **Young Adult and Campus Ministry**

This Office has continued to create programs and services for congregations engaging in work with Unitarian Universalists between the ages of 18-35. These include *Backpacker's Notebook*, a curriculum for 16-22 year-olds, and *The Bridging Program: Workshops and Guidelines*, featuring pre-bridging workshops developed at GA.

A primary focus has been the development of programs for youth crossing the bridge into young adulthood. The *Bridge Connections Program* sent out over 1,600 packets to graduating high school seniors in 2003. These packets contained a book as well as a free year's subscription to *UU World* and the Church of the Larger Fellowship's *Quest*, designed to help keep our newest young adults connected to Unitarian Universalism. The 2004 program was a similar success, and a commitment has been made to run the program again in 2005. Our focus on bridging youth is part of an overall dedication to the integration of young adult ministry into the growth strategy of our Association.

Our partnership with the Continental UU Young Adult Network (C\*UUYAN) continues to develop and thrive. *ConCentric*, the annual continental conference for young adult leadership development, training and business, has continued to connect its work with district-based representatives who assist with local organizing throughout the year. At the 2003 conference last summer, 19 of 20 UUA districts (and all 4 CUC regions) were represented.

Developing strong, healthy campus ministries remains an important priority of our Association. Since GA 2003, *Regional Campus Ministry Conferences* were held in seven locations across the United States and Canada, providing basic skills in organizing and programming on campuses. An in-depth campus ministry training model is currently being developed. Outreach tools for campus ministry, including brochures, posters and videos, are also available for congregations to use in their ministry to college students. A comprehensive alumni database is being created to help congregations fund campus ministry projects.

Finally, in partnership with the Youth Office, *resources for youth and young adult anti-racism and anti-oppression training* are being developed. This spring, trainers from around the continent were trained in various models and workshops, and a weekend conference was offered to students at the University of Chicago.

### **Services to Large Congregations**

Established to better serve the UUA's largest congregations (those with 550 or more adult members), the *mission of this office is to help Unitarian Universalism fulfill its potential by identifying and providing resources that serve the developmental needs of its larger congregations in ways that are innovative, size appropriate, and faithful to our liberal values*. Presently forty-three large congregations are served by this program, as well as several congregations that are edging towards 550 members, which receive services aimed at helping them manage the size transition.

During the past year, services have been provided on-site with the staff and leaders of 20 congregations including leadership development workshops, board retreats, staff consultations, and overall reviews of congregational systems. Specific concerns addressed during these on-site

consultations, in order of frequency, included: governance, growth and extension, general leadership development, personnel and staffing issues, ministry, congregational finances, religious education, and an assortment of localized concerns. In a typical month, the office receives between 100 and 125 requests for information and advice. While most of these requests parallel the concerns addressed by congregational visits, risk management and policy development also figure prominently. The office provided support to one regionally-based large church training event and a small number of congregations were assisted in securing consultants from both within the UUA and beyond. The office also produces *The Larger View*, an occasional newsletter for large church leaders, and develops resources of interest to large churches for the UUA web site.

The Large Congregations Staff Team meets regularly to examine needs of large churches, review the UUA's efforts to serve them, and establish priorities for our ongoing work in this area. This year the Team sponsored the second annual large church staff conference. Planning is underway for the next national large church conference, to be held in Boston February 17-20, 2005.

### **Congregational Fundraising Services**

*The mission of this office is to provide consulting services to congregations in the areas of annual stewardship drives, capital campaigns, strategic planning, and endowment program development.* In addition, the director of the office works with the Congregational Properties and Loan Commission to manage the UUA loan portfolio. During the 2003-2004 fiscal year, the 11 fundraising consultants made a total of 162 visits to 69 different congregations including:

- 29 initial assessment visits
- guiding 25 congregations through successful capital campaigns, helping these congregations to fund their building projects
- helping 19 congregations to develop long-range strategic plans
- guiding 12 congregations through successful annual stewardship drives.

In addition, there were three congregations received building loans, two congregations received building loan guarantees, and six congregations were given grants to help finance their very first spiritual home.

### **Lay Leadership Development**

The vision guiding lay leadership development is to promote the development of "*skilled, enthusiastic, and spiritually grounded lay leaders who work effectively with professional staff to create health, strong, and growing congregations*". Toward that end, *InterConnections Resources*, a website designed specifically for lay leaders was launched at the General Assembly 2003 and has been updated almost daily since then. An expansion of the *InterConnections* newsletter, the website provides a "single point of entry" for lay leaders and others, "one-stop shopping" for those wanting resources to be more effective in their roles. The site has received over 21,000 "hits" since launch. *InterConnections Resources* includes

- a *centralized calendar of events* that has included over 300 separate events designed for lay leaders have been made available to people via a database searchable by category, district, state, date, topic, or keyword.

- *over 225 frequently asked questions* make up the FAQ section with over 600 responses to those questions available online, divided into 23 categories (membership, finance, communications, etc.) for quick referencing. Questions and answers are updated almost daily as new information from resources throughout the UUA become available online. Two recent examples are the Uncommon Denomination materials to promote congregational growth and the forty-five page manual "How To" manual entitled "Adding Worship Services".
- QuickStart, enabling lay leaders new to their role to find *the three most useful websites, the three most useful books, and the three most useful articles* to help them become effective quickly. To ensure the resources are customized to their need, lay leaders can specify size of congregation, their particular position (chairperson or member), and area of responsibility (membership, finance, lifespan faith development, etc.).

Lay leaders from each district committed to promoting lay leadership development in the coming year have been recruited by district staff and will gather to brainstorm strategies at GA. Anti-racism, anti-oppression, multicultural work is included as part of the vision.

### **District Services Staff Group**

The District Services staff group serves the congregations in our 20 districts with a broad variety of services with the goal of promoting the health and growth of congregations. The services run the gamut of leadership training, congregational consultations, workshops, district assemblies, support for religious educators, youth and young adult programs, and much more. All districts have a co-employed district executive (or equivalent) that is jointly funded by the UUA and the district. Eleven districts also have co-employed program consultants who concentrate on lifespan faith development; that number will increase to 13 districts in the coming year.

District Services staff has continued its growing emphasis on leading positive change in our congregations by focusing attention on those activities that build health and vitality. As part of this effort, all 34 district staff met with almost 30 members of headquarters staff in December in a meeting that explored ways of furthering growth in the Association.

District staff have are also working to enhance the level of collaboration with program staff of the association. For example, District Staff have expanded their involvement with staff of Ministry and Professional Leadership (MPL) by attending training for interim ministers. Given the involvement of district staff with congregations in ministerial transition, greater coordination with MPL and interim ministers should directly benefit our congregations. Cooperation is also expanding with Lay Leadership Development and Lifespan Faith Development. District Staff also play key roles in the Association's new Growth Team and on the Large Church Team.

District Staff take a leading role in many workshops in every district. These include leadership schools, work with religious educators, and workshops on any number of topics. Of special note during this past year were growth workshops that involved teams from congregations across the Southeast region and a workshop in the Pacific Northwest that was developed for ministers of

pastoral size churches. Also noteworthy was a multi-district training for leaders of small churches in Mountain Desert. The new small church specialist in Northeast District has initiated a newsletter for small churches, *Small Talk*. What is particularly noteworthy in these efforts is the increasing collaboration across district lines.

District Services has furthered its working relationship with district presidents and boards of trustees. Building upon the success of a joint District Services and District Presidents Association (DPA) task force that developed a process for staff goal setting and evaluation, District Services and the DPA are involved in a review of the financial arrangements between the UUA and districts. The goal is to create financial arrangements that are more equitable, transparent and that help us meet our common goals. Recommendations will be developed in the coming year.

### **Identity-Based Ministries Staff Group**

Identity-Based Ministries' mission is to create an environment in which bisexual, gay, lesbian and/or transgender persons; economically oppressed people; Latina/o and Hispanic people; multiracial families; people of color; and persons with disabilities will experience a renewed sense of belonging, enthusiasm, and support for Unitarian Universalism. Identity-Based Ministries develops programs that empower constituents from the identity groups listed above to nurture spiritual community, strengthen individual and collective leadership, and actively participate in transforming the Unitarian Universalist Association of Congregations into an anti-racist, anti-oppressive, multicultural faith community. Program areas include Accessibility Programs, Latina/o and Hispanic Concerns, People of Color Networks and Multiracial Families, and the Office of Bisexual, Gay, Lesbian and Transgender Concerns. This staff group also works collaboratively with other UUA staff to create services and resources that help congregations become more welcoming, affirming, and inclusive. Finally, Identity-Based Ministries provides staff support to the volunteer Transformation Committee for Wholeness and Justice (formerly the Journey Toward Wholeness Transformation Committee).

Accomplishments of the 2003 – 2004 year include the following:

**Anti-Racist Multicultural Welcoming Congregation Project:** In response to congregations' desire for a "welcoming congregation type program that focuses on race," Identity-Based Ministries and the Office of Bisexual, Gay, Lesbian and Transgender Concerns, in collaboration with Congregational Services, District Services, and Lifespan Faith Development are developing a new program tentatively titled *The Anti-Racist Multicultural Welcoming Congregation*. This resource will focus on providing tools that will help congregations become more welcoming, affirming, and inclusive of people of color, Latinas/os and Hispanics, and multiracial families.

In February 2004 a UUA Staff Organizing Team group hosted a two-day consultation to envision the scope and elements of this new resource, scheduled to be presented at the 2005 General Assembly. Representatives from the Asian and Pacific Islander Caucus (APIC), Diverse &

Revolutionary Unitarian Universalist Multicultural Ministries (DRUUMM), Hispanic Ministers Association, Journey Toward Wholeness Transformation Committee (JTWTC), Liberal Religious Educators Association (LREDA), Latino/a Unitarian Universalist Networking Association (LUUNA), Unitarian Universalist Ministers Association (UUMA), and Young Religious Unitarian Universalists (YRUU) participated in the consultation. Persons from these and other stakeholder UU organizations will be part of an advisory group that will guide this project's development.

**Accessibility Program:** The focus of the Accessibility Program has been the development of educational resources that help congregations become more welcoming and inclusive of persons with disabilities. Efforts to publicize audio taped copies of *UU World* for visually impaired people have increased distribution for this resource. UUA congregational mailings include regular "AccessAbility" Action Steps, and a web-based resource called "The Accessible Church" is being developed to provide information on environmental and behavioral changes congregations can implement to be more welcoming to persons with various disabilities.

**Office of Bisexual, Gay, Lesbian and Transgender Concerns (OBGLTC):** OBGLTC has been significantly engaged in advocacy and public witness around marriage equality. The Office is also updating a same-sex wedding planning guide for the UUA website. The Office has now certified more than 400 Welcoming Congregations. In addition, the congregational resource *Welcoming Congregation II: Living the Welcoming Congregation* will be online in time for the 2004 General Assembly.

**Office of Latina/o and Hispanic Concerns (LaLoHip):** LaLoHip completed a survey focused on how congregations can become more welcoming to Latinas/os and Hispanics. Survey results are being used to develop information on "How to Be More Welcoming to Latinas/os and Hispanics," and a workshop with this theme was presented at several District Annual Meetings in Spring 2004. In addition, LaLoHip has been involved in the publication of several bilingual Spanish/English worship resources.

### **Lifespan Faith Development Staff Group**

*Guided by Unitarian Universalist Principles and a commitment to the UUA's goal of becoming an anti-racist, anti-oppression, multicultural organization, we provide lifespan resources for education, worship, advocacy, and social action that nurture UU identity, spiritual growth, a transforming faith, and vital communities of justice and love.*

This has been an exciting and productive year in the Lifespan Faith Development staff group which includes both the Youth Office and the Curriculum Office in an increasingly close collaborative relationship. A few highlights of new developments in our group include welcoming a new program staff person; beginning to plan for a Common Ground process to examine our ministry with and to youth; bringing the responsibility for pamphlet development into LFD; launching the Chrysalis youth leadership program; beginning development of new

curricula; turning our attention to growth strategies for our Association; publishing new books; strategizing a renewal of the Worship Web; and deepening our A/R, A/O efforts. All with a dedicated, focused, and enthusiastic staff. Details below.

### **New Resources Delivered**

- ***Full Circle: 15 Ways to Grow Lifelong Unitarian Universalists*** by Kate Tweedie Erslev, is based on the author's survey of over 80 lifelong UUs whose ages range from mid-twenties to mid-eighties. It identifies congregational characteristics and actions that increase the likelihood that our children will continue to find Unitarian Universalism a meaningful home as adults.
- ***A Lamp in Every Corner: Our Unitarian Universalist Storybook*** by Janeen Grohsmeyer is a collection of 21 original and engaging stories from our heritage, including seven about UU individuals, seven about UU traditions, and seven about UU Principles.
- ***Building Your Own Theology*** by Richard S. Gilbert is a fundamentally revised version of this UU adult religious education classic for newcomers and longtime members.
- The "**UUA Handbook of Child and Youth Development**" by Dr. Tracey Hurd, Lifespan Faith Development's (LFD) new resource director, is a comprehensive resource for congregations that outlines child and youth developmental characteristics and needs with critical attention to gender, ethnic, racial, and faith development. Look for it on the UUA Website.
- **New Pamphlets** have included *Faith of a Christian* by Stephen Kendrick, *UU Views of Faith in the Workplace* edited by Rosemarie Smurzynski, *UU Views of Science and Religion* by Helen L. Cohen, and *Latino/Latina Spiritual Journeys (Bi-Lingual Edition)* by Ervin Barrios and Julio Noboa, translated by Ervin Barrios. Many more pamphlets have been revised and updated. The Pamphlet Advisory Committee held its first annual meeting in May, 2004, and many new pamphlets are planned.
- The **UU Family Network Clearinghouse 2004 Packet** *Generations United* was published online in May ([www.uua.org/families](http://www.uua.org/families)).
- The free **Safety/Abuse Clearinghouse Packet** (available from LFD) has been updated with new resources and sent to congregations.
- The July 2003 **OWL Youth TOT** (Training of Trainers) trained 20 participants to lead combination training in *OWL Grades 7-9/10-12*. A new **Implementation Manual** for Combination Youth *OWL* was published, the new trainers were integrated with current active trainers, and the **Planning Guide** for *OWL* Leader Trainings was revised and updated with the current list of trainers. More and more of our congregations want combination trainings to save time and money.
- July 29 – August 1, 2004 **OWL Children's TOT** (Training of Trainers) is scheduled in collaboration with the UCC. This will prepare trainers to train teachers in both *OWL Grades K-1* and *Grades 4-6*.
- *Our Whole Lives Grades K-1 and Grades 4-6* teachers have been supported by 13 trainings this year, 7 trainings have been combination (Grades K-1 and Grades 4-6) trainings with more than 100 new teachers trained this year. Many more *OWL* teachers for Grades 7-9 and 10-12 have been trained.
- ***UU Faith Works: Promising Practices for Lifespan Learning Communities*** Summer/Fall 2003 edition and Winter/Spring 2004 edition were published online ([www.uua.org/re/uufaithworks](http://www.uua.org/re/uufaithworks)) and distributed to each district.

- *Aging Wisely, Tao of Aging, Generations of Faith, and Spiritual Gifts of Grandparenting* workshop models were designed and presented at various district conferences.
- UU **intergenerational worship service** and five educational sessions (young children, older children, young youth, older youth, adult) calling attention to children's needs and celebrating children's rights have been developed for the annual Children's Defense Fund multi-faith publication *National Observance of Children's Sabbaths*.
- The Family Matters Task Force (FMTF)'s *Family Ministry Survey Report* ([www.uua.org/families](http://www.uua.org/families)) documents family and congregation strengths and needs in the focus areas of b/g/l/t families, multicultural/transracial families, and interfaith families. One focus of the FMTF has been on creating a family friendly GA '04 and looking toward a family-themed GA '05.
- One of the most exciting developments this past year in the Youth Office is the expansion of the youth office-training program into the more comprehensive **Chrysalis Program**. The Chrysalis program will incorporate the three current trainings offered by the Youth Office (Leadership Development Conferences, Spirituality Development Conferences and Advisor Trainings) with three new trainings that will be offered by the office (Chaplain Training, Advanced Advisor Training, Anti-Racism Training). The new Chrysalis Program will also have four levels of achievement that youth and adults can accomplish by completing various trainings.
- The Youth Office developed new resources available on the web including *Seven Steps to Hiring a Youth Advisor* and a new web page devoted to **social justice work** for youth.
- The *Youth Advisor Handbook* has been significantly revised and is now available for all those who are working with youth.
- The Youth Office has also continued to help **build youth community** across the continent. The YRUU Social Justice Conference has been moved to the fall to make it a more effective training for district youth Social Action Coordinators. This past year it focused on Education Reform, Prison Reform and their connections. The Youth Office is working on ways to encourage youth who go to General Assembly for the youth community to go to Con Con where youth community is easier to form, and encourage youth who are interested in participating in the business of the Association to go to GA. General Assembly Youth Caucus will be noticeably changed this year. The Youth leadership of GA Youth Caucus, the GA Planning Committee, the GA Planning Office, and the Youth Office came together to make needed changes to the programming offered to youth at General Assembly. There will be a youth oriented program during every program slot. All of these programs will be published with the other GA programs in the GA Program. Although the Youth Caucus programs are youth oriented, most address issues that adult will find interesting. The Youth Caucus Staff hopes to see great intergenerational dialog at these workshops.
- In order to meet the needs of queer youth within our denomination the Youth Office has been a major support in bringing back **SATUURDAY**, an identity conference for queer youth to be held immediately after GA.

### Resources in Development

- Coordination of the second edition of *Creating Safe Congregations* Workbook has progressed throughout the year. Web resources have been collected and developed and are posted on the UUA's Office of Safety and Ethics site. Authors for the workbook have completed their assignments. Final steps toward publication are underway.

- **Families Curriculum:** a multi-faceted, photo project-based program for junior and senior high youth, will be field tested in the fall of 2004. This program, one of the first in the Lifespan Integrated Curriculum, is based on the four foundational strands of UU identity, spiritual development, ethical development, and faith development.
- **The Couples Program.** Among the many pastoral and educational needs a faith community might address is the care and nurture of healthy primary relationships. It is time for resource to support UUs in committed relationships; one that expresses what we have learned in recent years and one that expresses what we believe Unitarian Universalism has to offer today.
- **The Theologically Welcoming Congregation.** In early stages of development, this program will address the issue of tolerance, respect, understanding, and celebration of theological diversity within our Association. We are proud of the theological freedom that characterizes UUism and claim to value the diversity that results. Yet one religious identity group after another within our ranks feels marginalized or disrespected. How can the majority of UUs feel marginalized inside our own communities? This program will be designed to face this dissonance directly while creating safe venues to listen, learn, and unite in respect.
- **Cultural Misappropriation/Cultural Competency Project.** We are developing resources for our congregations regarding the use of multicultural materials in worship and religious education. This topic is so complex we cannot create the definitive resource for all people in all situations. We are developing two resources to be published on the UUA website: a list of guidelines to consider when engaging with material from another culture; and a bibliography of some of the most useful resources available in this area of growing interest.
- A **teacher development** (teacher training) survey has been developed in cooperation with an ad hoc group in Mass Bay District. This survey of current practices and future needs will help us design the teacher resources needed for the new curriculum series.
- The Family Matters Task Force has three booklets in development for their ***Taking It Home: Families and Faith series***. *Let's Talk About Respect*, *Let's Talk About Time*, and *Let's Talk About Money*. Topics for the next booklets in the series have been selected – *Let's Talk About Marriage and Committed Relationships*, *Let's Talk About Divorce*, *Let's Talk About Addiction*, *Let's Talk About Mental Illness*. Authors are being sought for these resources.
- The Youth Office has partnered with the Office of Congregational Justice Making and the Young Adult and Campus Ministries Office to develop **anti-racism trainings** and other services for youth and young adults. The first training of Anti-Racism Trainer/Organizers was held in May. This collective of youth, young adults and adults will provide youth and young adult anti-racism programming through weekend trainings, day-long workshops, identity work, and many other programs. The goal is to transcend the one size fits all model and create anti-racism consultations that can better fit specific communities needs.
- Work has begun on a major revision of the ***Youth Group Handbook***, which will be an important resource for youth leaders.
- The Young Religious Unitarian Universalist (YRUU) leadership is partnering with C\*UUYAN (Continental Unitarian Universalist Young Adult Network) to develop a joint **Anti-Racism Transformation Team**. The Transformation Team will work to help build anti-racist accountability structures within these two organizations and continue the struggle to become more anti-racist/anti-oppressive institutions.

## **Ministry and Professional Leadership Staff Group**

From day-to-day, month-to-month, and year-to-year the Ministry and Professional Leadership Staff Group (MPL) produces and delivers a wide range of complex, sensitive and essential services to our movement. MPL trains, credentials, settles and supports ministers and other professional leaders for service in Unitarian Universalist congregations and the world. Equally importantly, MPL provides ongoing essential support, counsel and information to the volunteer leaders of those congregations and organizations.

MPL's direct constituency includes approximately 1,400 UU ministers, 600 individuals preparing for our ministry, 500 lay religious educators, 400 musicians, 200 administrators, and the leaders of 1000+ UU congregations. We serve those UU professional leaders in their several relationships to us: as the 2,350 participants in the UUA retirement plan, the 472 members of our insurance programs, the 60 interim ministers serving UU congregations, the 23 district settlement representatives, the 20 compensation consultants, or as one of the 900 students, professional leaders and surviving partners of UU leaders to whom we are able to provide grants and scholarships each year.

Among the notable new directions and steps this year, MPL:

- Brought to reality the new Religious Education Credentialing program, the RE Credentialing Committee and the RE Settlement System, and started credentialing UU religious educators. And we will be recognizing the highest-level credentialed religious educators in this year's Service of the Living Tradition.
- Actively participated in and led Unitarian Universalism's efforts to better address racism and oppression in our society and our own institution. As noted below, this year the Ministerial Fellowship Committee, the RE Credentialing Committee, the Regional Sub-Committees on Candidacy, interim ministers and the MPL staff have all been engaged in active anti-racism, anti-oppression and multi-cultural trainings. MFC rules and its reading list have been changed to deepen our understanding of oppression and to build real support for diversity in UU professional leadership. MPL has also been a very active participant in the efforts in Massachusetts to support same sex marriage. We protested, wrote our representatives, participated in worship services, talked to the editors of the Boston Globe, witnessed the Massachusetts legislature as it considered these matters, and refused to sign marriage licenses until they were available to people in same sex relationships.
- Worked with the UU Ministers Association, the Liberal Religious Educators Association, the UU Musicians Network and the Association of UU Administrators on matters of credentialing and certification and on efforts to discover ways in which the professionals in each group can work more effectively together as colleagues.
- Evaluated the Regional Sub-Committees on Candidacy making sure that this important system is working effectively.
- Established, with the UU Retired Ministers and Partners Association, a new corps of financial consultants/trainers for UU professionals.

- Joined as a founding member of and active participant in the UU Community Ministry Coalition as it has worked this year to strengthen connections between community ministers, their professional organizations, the UUA and UU congregations.
- Operated on many levels and in many ways to help UU congregations and leaders better understand and take the necessary steps to assure that our communities are responsible and safe places for children and adults.
- Worked to make sure that those serving UU congregations are paid fairly and have the kinds of insurance and retirement plans they need and deserve.
- Collaborated with efforts to try to find a way to once again offer a UU health insurance program.
- Provided new continuing education models and programs for new ministers and for those wanting to more find more effective ways of doing public witness.

### **Ministerial Credentialing**

The Ministerial Credentialing Office continues to consider as a high priority the goal of upgrading the ministerial credentialing process so that it is more effectively anti-racist, anti-oppressive and multicultural. Although the evaluation of the RSCC system confirmed overall that the RSCC system is working, the evaluation panel did offer a number of recommendations that will go into effect July 1, 2004 to more deeply institutionalize our commitment to an anti-racist, anti-oppressive and multicultural ministry, while increasing overall efficiency and effectiveness. The six Regional Sub-Committees on Candidacy continue to provide important support and discernment for aspirants and candidates who are seeking ministerial fellowship. To date, nearly 325 aspirants have met with one of the Regional Sub-Committees on Candidacy.

The Internship Clearinghouse, a service to teaching congregations and prospective interns seeking internship sites has become an increasingly comprehensive resource via the UUA website and through personal contact of the Internship Clearinghouse Coordinator. With the option available for the first time this year, many prospective interns voluntarily registered their internship preferences. Congregations have continued to list internship openings with the online Clearinghouse. The use of a shared timetable for the selection of prospective interns has proved overall to be very effective. Two popular workshop opportunities focused on becoming a teaching congregation will be offered again at General Assembly this year. The Internship Stipend Grant program will award about \$26,000 to new and continuing internship sites.

At the present time, the Ministerial Credentialing Office has files on 450 persons who are actively preparing for ministerial fellowship and we project another 150 are in process. There continues to be a trend of younger aspirants considering the ministry overall. Women continue to comprise about two thirds of all individuals preparing for the ministry, and a growing number of all aspirants or candidates are expressing a call to serve Unitarian Universalism as community ministers.

### **Religious Education Credentialing**

In its first full year of operations the Religious Education Credentialing program is proving to be a significant tool for the development of professional lay (non-ordained) religious educators.

There are currently 37 participants in the program. Four religious educators were awarded credentials this year. All those who have achieved the highest level in the Religious Education Credentialing program will be recognized this year in the Service of the Living Tradition.

Much work has been done in clearly defining and articulating religious education credentialing standards while taking actions to make the program more accessible to all. Accomplishments in these areas include developing: guidelines for program requirement equivalencies; a protocol for the candidate interview meeting with the Religious Education Credentialing Committee (RECC); a list serve for program participants and for credentialed religious educators; more flexibility in the reading lists, and a lending library of all books on the lists that was funded through the generosity of an anonymous donor; the Liberal Religious Educators Association has begun providing mentors to guide program participants through their Religious Education Credentialing program plans.

Additionally, the RECC has changed the names of the three program levels to make them more meaningful and reflective of program requirements and practices: the former Level One Religious Educator is now called Credentialed Religious Educator, Associate Level; the former Level Two Religious Educator is now called Credentialed Religious Educator; the former Credentialed Religious Educator is now called Credentialed Religious Educator, Masters Level. To increase transparency in committee proceedings, the RECC will be inviting a credentialed religious educator to be an observer in its future meetings. It will also set a time in its meetings for public comments to the Committee.

The UUA Online DRE Settlement system is now operational and available through the UUA website. This system looks much like the UUA Ministerial Settlement system. It is a joint administrative effort of the Office of Religious Education Credentialing and the Settlement Office. The system is fully available to UUA credentialed religious educators at all levels and to congregations who are seeking such a lay (non-ordained) religious education professional. It is partially available to current participants in the Religious Education Credentialing program. Partial availability means that a religious educator may view profile records submitted by congregations, but may not set up his or her own profile record nor indicate interest in a congregation through the system.

This office also responds to requests for grants from religious educators who need help with professional development expenses, especially those preparing for religious education credentialing, and from congregations needing help with programming expenses. So far this year, grants totaling \$6,959.61 have been awarded.

Future development: In collaboration with UUA district staff, district-level workshops are being created to help congregations understand the benefits and requirements of having a credentialed religious educator. In collaboration with the Office of Church Staff Finances, a tool is being developed for Compensation Consultants to help congregations interpret the UUA Salary Recommendations for non-ordained religious educators. On July 1, 2004 the Renaissance Program of professional development modules for religious educators will be returning to its home at the UUA after four years at Meadville Lombard Theological. This program, a

cornerstone of the Religious Education Credentialing program, will be jointly administered by the Lifespan Faith Development staff group and the Religious Education Credentialing Office.

## **Settlement**

The Settlement Office serves congregations and ministers at times of ministerial transition and congregational succession planning. During the past year 45 ministerial search committees selected their candidate for full-time ministry, a decrease of 14 from the previous year, itself a decline of 7 from 2002. Even allowing for some late selections (this statement was written April 29), the final number will continue the reversal in the 8 percent annual increase in settlement activity in recent years among ministers in UU congregations. Virtually all candidating weeks should be completed by General Assembly.

The Settlement Office is committed to an anti-racist, anti-oppressive, multicultural ministry. The Settlement Director serves on the Diversity of Ministry Team (DOMT) and maintains statistics on African American, Latina/o, Asian, Pacific Islander, and Native American ministers. As in previous years, so in this one, turnover continues to characterize the careers of parish ministers served by DOMT. At the present time only seven congregations have created the conditions for ministerial longevity of more than three years. There is good news, too: Five ministers of color/or historically marginalized groups have been called to new positions for the coming fall, none of whom resigned from an earlier parish position to accept the call.

Interim ministry plays a significant role in times of transition and succession. The 46 active AIMs (Accredited Interim Ministers), including those working toward that designation, take extensive advantage of programs offered by the Interim Ministry Network, and convene annually to reflect on their work and hone their special skills. In the year now closing they have served close to two-thirds of the interim ministries conducted this year. In the year to come there are likely to be only 70 or so interim ministries conducted, by contrast to the 109 conducted in 2001-02.

The on-line Ministerial Settlement System continues to make the work of search committees and minister in search as informed, the search process as transparent, and the resulting choices as deliberate as possible. The next step, of providing the same level of service to religious educators and congregations in search of them, has already begun.

At present there does not exist an explicit Association-wide consensus about the degree to which background screening by congregations of prospective ministers and professional leaders, church staff, and volunteers working with children, youth, and vulnerable adults should go beyond named references. The Settlement Director and the Lay Leadership Development Director are in the midst of a process meant to gather such a consensus. The Settlement Director now provides an interpretive summary of a minister's UUA file to a search committee when a minister has been named a ministerial pre-candidate or the interim minister-designate.

## **Professional Development**

The annual *First-Year Ministers' Seminar*, April 12-23, 2004, was held online for the second year. With 32 participants, the 2004 class is the largest class to date. Even though we were unable to gather face-to-face, by utilizing the Internet this seminar provided us the opportunity to

gather in an online cyber café to review written presentations, and to discuss important issues. Beyond the program material, the seminar, which included a minister from New Zealand, offered a chance for new ministers to get to know colleagues and to establish relationships that often prove to be of long-term help in ministry. In addition, we will gather together for a luncheon and a workshop during the UUMA Professional Days at Pre-GA Long Beach, CA. The topics covered by the four Deans were Organizational Development, The Rhythms of the Church Year, Reconciliation: a Spiritual Discipline, and the Nuts & Bolts of Ministry for the Apprenticeship Years – 0-3. Even though the Seminar is officially over new ministers continue, through email, to discuss issues of concern, such as: accountability, appropriate clerical attire, and identity and role. The Seminar was hosted in the Online Conference Center of the Wayne E. Oates Institute: Advancing the Spirituality, Health, and Healing Dialogue. The office saved at least \$10,000 by using the online technology.

*The Public Witness Seminar*, (May 16-19, 2004) was held at the All Souls UU Church in Washington, DC. Bill Sinkford has made PW one of his priorities. Even though some of the UUA staff needed to be available to address the media as the ‘Same-Sex Marriage shifted into high gear’ our full house of participants continued on and learned more about the UUA’s PW strategic plans and, gained skills in the anthropology of journalism, with mock-video interviews, advocacy training where we crafted messages and took them to our elected officials on Capital Hill, wrote op-ed and press releases, and more. This was joint effort with the UUA Directors of Public Witness and the Washington DC office, The Coordinator of the Joseph Priestley District, Fred Garcia, and others.

*The Richard C. Borden Sermon Award*. In an effort to promote excellence in UU sermons, a generous anonymous donation was given for a sermon-writing contest. All sermons were to exemplify the four points developed by Richard C. Borden in his book *Public Speaking – As Listeners Like It!* This second year, approximately 186 sermons were received. The top three submissions were awarded \$10,000 each. Additionally, two honorable mention prizes of \$2,500 each have been awarded. The winning sermons may be found on the UUA website.

The Professional Development Director serves as the *staff liaison to The Ministerial Fellowship Committee (MFC) and the UUMA CENTER Committee* – the continuing education arm of the Ministers’ Association. Both groups meet several times a year to review student and ministers’ formation, progress, complaints, and to plan continuing education events and opportunities. Please review the good work that both the MFC and CENTER are doing on the ministerial formation, redesign from categories to specialties, and the anti-oppression fronts.

*Diversity on Ministry Team- DOMT*

Much progress was made this year while recognizing there is much work yet to do to make lasting and fulfilling ministries for ministers of Color/Latino/a communities. As an active member of this team called by Bill Sinkford, made up of affiliate organizations and three staff directors of Ministry and Professional Leadership, we listened to colleagues’ comments/concerns about issues of accountability, transparency, and mission. We took their comments seriously and, with the blessing of a couple of ministers of historically marginalized communities, we worked to help remove institutional barriers that prevented their full participation in the ministerial credentialing, fellowship renewal, or settlement processes.

*Ministerial Assessment:* On a regular and on-going basis the Director of Ministry and Professional Leadership, the Director of Settlement, and the Professional Development Director work with ministers who experience considerable conflict or difficult parting with a congregation or institution. We also work with those colleagues who find that depression or relapse have affected their ministry and lives. Ministers have asked that affinity groups be formed for purposes of support and to address self-care issues with colleagues. Such affinity groups will be planned for next Professional Days and during GA.

## **Church Staff Finances**

During fiscal year 2003-2004, the Office of Church Staff Finances put special emphasis on the financial education of professionals on the staff of UU congregations. There were 17 individual training events held during the year, including presentations to UUMA chapter meetings, the Unitarian Universalist Musician Network's annual conference, a local meeting of the Association of Unitarian Universalist Administrators, and retreats for seminarians and their partners.

An important event was the training on March 4-6, 2004 for nine ministers willing to speak on finances at UUMA chapter meetings around the country. They are contacting chapter leaders and requesting time at one meeting each year to present on personal and clergy finances. This is an exciting and important advance in our effort to provide our religious professionals with the financial education that they need.

The District Compensation Consultant project continues to be successful with five new consultants added to the roster this year. The topics of the mid-winter training event held in Boston in January included clergy compensation both in the UUA and in other mainline Protestant denominations, the credentialing of Religious Educators, compensation of administrators and musicians, and the search process as seen through the eyes of three local search committee representatives.

The Compensation, Benefits and Pension Committee met three times during the year. The Committee's emphasis this year has been on exploring the feasibility of a self-funded health insurance program for the church staff of our congregations. A sub-committee task group has been formed to undertake further research and develop recommendations.

The Committee has also formed a second sub-committee to consider additional mutual funds for the UUA's Retirement Plan. These would all be funds managed along socially responsible principles.

The Council on Church Staff Finances also met three times during the year. The Council is very concerned about the lack of adequate health care coverage for our church staff in particular and for the US in general. In response to this crisis, the Council is sponsoring a sermon/talk contest on the topics of health care delivery, insurance and the possibilities of universal health care in the United States. The awards will come from the Seward Nugent Preaching Award that has been funded by an anonymous donor.

College scholarships totaling \$8,800 were provided to children of UU ministers, and debt reduction grants of \$136,947 were awarded to 68 ministers. This year the average outstanding seminary loan balance was \$35,140; with 20 ministers carrying loan balances in excess of \$50,000, and 7 of those having balances greater than \$70,000. The OCSF is continuing its efforts in persuading seminaries to take this issue seriously and to provide more and better financial education information to their students.

## **Communications Staff Group**

The Communications Staff Group's year has been marked by well received changes in the format and design of *UU World*, an expansion of Skinner House Books' editorial board to include lay persons, and upgraded distribution of selected Skinner House titles to commercial bookstores. Communications staffers continue to support the UUA's Interdepartmental Public Witness team.

### **Periodicals Office**

Since the 2003 General Assembly, new paper and significant design changes have been introduced for *UU World*, and almost all responses from readers have been positive. Readers especially appreciate the new uncoated paper because they find it much easier to read than the glossy coated paper that it replaced. In addition, the magazine has eliminated color in its first and last 16 pages of each issue, necessitating redesign of features like the table of contents and letters to the editor.

At the same time, the staff underwent a significant realignment of its duties to streamline its production processes, accommodating to a part-time freelance art director and the needs of a new printer. All in all, the changes result in savings of almost \$100,000 a year.

Along with the design changes, *UU World* introduced the Forum essay, which features significant ideas by UU thinkers. Well-received issues featured jazz theology, time-squeezed families, a modern perspective on Jesus, and same-sex marriage; essays on reconciliation, fundamentalism, political activism; and reports from and about Iraq.

### **Publications Office**

Skinner House Books published 12 new titles this year, on subjects that range from UU identity and history to contemporary justice and family concerns. The Skinner House backlist includes some 70 titles in all. Aimed primarily at Unitarian Universalist readers, Skinner House books are read by a broad spectrum of people. This is the third year that Skinner House has distributed selected titles to the trade—bookstores, libraries and other non-UU markets. As of this spring, 35 Skinner titles have trade distribution, and sales revenues are up 20% from one year ago.

These are our 2003-2004 Skinner House titles:

*The Other Side of Salvation: Spiritualism and the Nineteenth-Century Religious Experience*  
John Buescher. September 2003

*Teacher, Guide, Companion: Rediscovering Jesus in a Secular World*  
Erik Walker Wikstrom. October 2003

*Never Far From Home: Stories From the Radio Pulpit*  
Carl Scovel. October 2003

*Who Will Remember Me? A Daughter's Memoir of Grief and Recovery*  
Barbara Hamilton-Holway. January 2004

*Consider the Lilies: Meditations*  
Stephen Shick. December 2003

*Singing in the Night: Collected Meditations, Volume Five*  
Mary Benard, Editor. February 2004

*Growing a Beloved Community: Twelve Hallmarks of a Healthy Congregation*  
Tom Owen-Towle. April 2004

*The Addiction Ministry Handbook: A Guide for Faith Communities*  
Denis Meacham. May 2004

*Offerings: Remarks on Passing the Plate*  
Robert Thayer. May 2004

*We Build Temples in the Heart: Side by Side We Gather (A UUA Meditation Manual)*  
Patrick Murfin. May 2004

*Unitarian Universalist Pocket Guide, 4th Edition*  
William Sinkford, Editor. June 2004

*Guía Unitaria Universalista de bolsillo*  
Unitarian Universalist Pocket Guide, 4th Edition, in Spanish  
William Sinkford, Editor. June 2004

In addition to Skinner House, our Publications Office produced the following new UUA church resources this year: *Youth Advisor's Handbook, 2<sup>nd</sup> Edition* by Shell Tain (Lifespan Faith Development), *A Lamp in Every Corner: Our Unitarian Universalist Storybook* by Janeen Grohsmeyer, *Full Circle: 15 Ways to Grow Lifelong UUs* by Kate Tweedie Erslev (Lifespan Faith Development), *The Bridging Program: Workshops and Guidelines* by Colin Bossen and Dawn Star Borchelt (Young Adult-Campus Ministry), *Backpacker's Notebook: Exploring Unitarian Universalist Faith and Community* by Donna DiSciullo and Michael Tino (Young

Adult-Campus Ministry), *UU Views of Faith in the Workplace*, Rosemary Smuryzynski, Editor (Pamphlet), *My 7 Principles: A Child's Booklet* (UUA), and *Science and Religion: A UU Perspective* by Helen Lutton Cohen (Pamphlet).

## **UUA Bookstore**

The UUA Bookstore sells directly to customers by phone, mail, fax, the Internet, email, and in person from its store in Boston. The UUA Bookstore carries Beacon Press, Skinner House, and titles from many other imprints, including a number of self-published Unitarian Universalists. We are proud to announce an email newsletter to our customers that is also available on our website. The newsletter features new books, excerpts from books we publish, sale items, and announcements of interest to our customers. Our web address is [www.uua.org/bookstore](http://www.uua.org/bookstore).

## **Beacon Press**

Beacon Press is the independent publishing arm of the Unitarian Universalist Association. Founded to promote issues of social justice in the wider world, Beacon Press publishes general interest books that illuminate UU values to a broad constituency across the country and around the world. It continues to be the most highly regarded and distinguished denominationally owned publishing house in America.

The current publishing program emphasizes African-American history and concerns, including important books about how race is lived in America today. Beacon publishes creative writing—especially by women and people of color—that often focuses on the special concerns of immigrant and “hyphenated” Americans. Beacon also publishes books by and about gay, lesbian, bisexual and transgendered people. Beacon Press books on public education are widely acclaimed, activist books that call for significant reform. Additionally, Beacon Press publishes broadly in the areas of children and family issues, nature and the environment, religion, science and society, and women's studies.

This year was one of continued success and the Beacon Press staff is delighted to report that the press is financially healthy due in large part to strong sales and extraordinary attention paid to our authors and our books.

On the promotion front, Beacon Press' authors made *over 400 public appearances* between July 2003 and June 2004. Beacon authors also appeared all over the media, on such wide ranging shows as *Good Morning, America*, *Morning Edition*, and *All Things Considered* to *The Tavis Smiley Show* on BET, to *MTV News*, and *ESPN's Sportscenter*. Specific appearances include:

- **Rashid Khalidi**, author of *Resurrecting Empire*, appeared on *All Things Considered*, *On Point* from WBUR Radio in Boston, *All American Talk Radio* with Peter Collins, C-Span's *Book TV*, PBT-TV's “*Newshour*,” among dozens of media appearances, as well

as a speaking appearances at **Harvard's** Kennedy School of Government, **UCLA's** Center for Near East Studies, and the **University of Chicago's** Center for International Studies.

- **Heidi Neumark**, author of *Breathing Spaces*, was part of the Lutheran Center Augsburg-Fortress retreat in Milwaukee and she also appeared at the St. John's Lutheran Church in Summit, NJ a book signing, dinner, and conversation with the congregation. She also was the subject of a *Newshour with Jim Lehrer* segment focusing on the book and her work in the South Bronx.
- **John Buehrens'** *Understanding the Bible* was reviewed in dozens of newspapers across the country and he made appearances at UU Christian Fellowship in DC, the UU Church of San Jose, CA, the Episcopal Church Convention in Minneapolis, MN, the Southeast UU Summer Institute in Blacksburg, VA, Starr King, and the UU Congregation @ Shelter Rock.

The exposure of Beacon Press in the national media has lead to a year of 5 books breaking the magic 10,000-copy sellers level. The books are:

Mary Oliver – *Why I Wake Early and Owls and Other Fantasies*

Steve Puleo – *Dark Tide*

Octavia Butler – *Kindred*

Howard Zinn, ed. – *The Power of Nonviolence: Writings by Advocates of Peace*

Not only have sales been strong, but also many Beacon Press books have been recognized for excellence in the last year. These award winners represent some of the best publishing Beacon has done. The winners were:

- *Breathing Space* by Heidi Neumark won a Wilbur Award for Best Non-Fiction Book and a *Spirituality & Health Magazine* Award as one of the “Best Books of 2003.”
- Mitchell Zuckoff's *Choosing Naia*, winner of two previous awards, won the 2003 Honor Prize in General Non-Fiction from the Massachusetts Book Award.
- *Dark Tide* by Steve Puleo is a finalist for Boston Authors Club Award and the American Association of University Presses and members of the University Press Books Committee have selected *Dark Tide* as one of 29 titles considered “The Best of the Best from the University Presses: Books You Should Know About.”
- *Flying Colors* by Tim Lefens was selected as an honor book for the 2003 New Jersey Council for the Humanities Book Award. The book was selected by Reader's Digest for both their magazine and condensed book program.
- *Revere Beach Elegy* by Roland Merullo won the 2003 Non-Fiction Massachusetts Book Award.

- *Summer Snow* by Trudier Harris was shortlisted for the prestigious Zora Neale Hurston/Richard Wright NAACP/LEGACY Award.
- *West of the Jordan* by Laila Halaby won a PEN *Beyond Margins* award, which honors the five most compelling works of literature by writers of color published in 2002-2003. The awards' goal is to increase the public's access to literature by, for, and about African, Asian, Arab, Caribbean, Latin, and Native Americans.

The above awards are complimented by two Beacon Press books that have been selected as "representative titles" by other progressive organizations. Mary Oliver's *Why I Wake Early* chosen by the Independent Bookseller Association as their #1 poetry title for 2004 and Ben H. Bagdikian's *The New Media Monopoly* was selected by Workings Assets for their May books promotion.

In notable newspaper reviews, Beacon Press received an enthusiastic full-page review for Marilyn Johnson's *Street Justice* in the *Sunday New York Times Book Review*. Heidi Neumark's *Breathing Space* was glowingly reviewed in *The New York Times* 'City' section, *Christian Century*, and called "Best This Month" by *The Lutheran* magazine in December, 2003. Chris Mercogliano, author of *Teaching the Restless*, was the focus of a USA Today Q&A and a feature story in *The Chicago Tribune* and Patricia Powell, author of two novels, *Me Dying Trial* and *A Small Gathering of Bones*, was the lead story in the Boston Globe Arts/Entertainment section on January 29<sup>th</sup>, 2004.

Beacon launched a 150<sup>th</sup> Anniversary Celebration, which included events at Book Expo America, the annual meeting of the Organization of American Historians, and the last GA. The anniversary also garnered media attention in the *Boston Globe*, *Publishers Weekly*, and the newsletter of The American Association of University Presses and inspired displays at independent bookstores across the country.

And finally, just in time for the Massachusetts Supreme Judicial Court gay marriage decision, Beacon Press reissued *What Is Marriage For?* by E.J. Graff, called "the bible of the gay marriage movement" as well as a revised Discussion Guide for Unitarian Universalist Communities. E.J. Graff was interviewed everywhere during the Massachusetts Constitutional Convention and was an unofficial spokesperson for the Freedom to Marry Coalition.

### **Stewardship and Development Staff Group**

Despite an unsure economy, Unitarian Universalists and their congregations have been very generous to their Association over the past year.

## **The Campaign for Unitarian Universalism**

Five years ago the Unitarian Universalist Association launched *The Campaign for Unitarian Universalism*, seeking to raise an ambitious \$32 million. When we last reported on our progress, the Campaign total stood at \$28 million, which included \$8.5 million in verbal commitments. Campaign staff converted verbal pledges to firm ones and added new commitments totaling an unparalleled \$14 million between October and May this year putting us over the goal. Individuals and congregations made over 6,000 gifts and pledges. We are deeply grateful for this strong support.

Among the more than \$32 million in total commitments to the Campaign which benefit the UUA, cash pledges total \$8,842,661 or about 28% of the goal. Of these cash pledges, 80% (\$7,083,698) have already been paid. Planned gift commitments total \$25,361,910, or 72% of the goal. This means that certain vital programs will need additional cash over the next several years. We intend to focus on those needs in the months ahead.

### **Annual Program Fund**

Generous member congregations support the mission, programs and services of our Association. Their contributions, about 44% of the total unrestricted income, benefit and strengthen the congregations themselves as well as districts and Unitarian Universalism as a whole. For example, the Association distributes annual Grants to all 20 districts, which helps the districts provide programs and services to local congregations. Over \$585,000 is being distributed in 2003/04 based on the contributions of congregations to our Association's Annual Program Fund in 2002/03.

Our Association's elected Board of Trustees determines the minimum contribution (also called "Fair Share") that member congregations are requested to give to the Association annually. The requested contribution for 2003/04 is based on \$48 per member, on \$50 in 2004/05. Congregations with 550 or more members have the option of calculating their contribution on either the per member basis or as 4.2% of their operating budget.

Of each \$2 per member increase in the current and next fiscal years, \$1 is being designated for new growth initiatives, such as increased support and resources to strengthen family ministries in congregations, making available enhanced services addressing accessibility issues, and increasing the skills and expertise of religious educational professionals. Given the continuing generosity of our member congregations towards our Association and – through it - the larger faith community, the \$5.97 million budgeted from congregational support in fiscal year 2003/04 seems quite achievable.

In 2002/03, contributions totaled over \$5.72 million or approximately 44% of our Association's unrestricted income. Of the 1,043 member congregations, 752 contributed the full amount requested. 157 congregations increased their giving by 20% or more.

Working with the Annual Program Fund staff is a 25-member, volunteer committee appointed by our Association's Board of Trustees. The APF Committee helps bring a stewardship message to member congregations, encourages generous financial support of the larger faith community through our Association, and provides information about programs, services and public witness activities. Members currently serving on the Committee are listed on the Association website at <http://www.uua.org/giving/apf/apfcom.html>.

## **Friends of the UUA**

Friends of the UUA is funded by individual donors in response to mail and phonathon appeals throughout the year. Funds raised by Friends in fiscal year 03/04 represent 10% of total unrestricted income, contributing to the support of:

- programs and services that help congregations to grow and thrive;
- youth and young adult programs, providing resources to a new generation of UUs;
- social action and public witness that bring the voice of UU values to our wider society and the issues of our times;
- Beacon Press and its ongoing mission to produce thought-provoking titles that allow progressive voices to be heard.

Total Friends income to date for this fiscal year shows an increase of 20% over last fiscal year. Friends donors have enthusiastically supported appeals addressing issues of voter registration, growing Unitarian Universalism, and same-sex marriage. In March 2004 the President's Freedom to Marry Fund was established and the response from the UU community has been very positive and encouraging.

## **Charitable Gift and Estate Planning**

Two-thirds of the Campaign commitments are in the form of planned gifts, such as charitable bequests, gifts held in trust, annuities, pooled income funds, life insurance policies, and beneficiary designations from IRAs. These are investments in the future of our liberal religion, and every year the UUA enjoys a steady stream of income from matured gifts. The \$450,000 budgeted goal for unrestricted gifts and bequests for FY04 was met in March, and as we enter May the total stands at \$615,817.72. Thirty-five planned gifts to the Campaign total \$15,136,222.75 this year, a significant portion of the total of \$16,274,852.56. The total raised is the highest ever for the UUA Charitable Gift and Estate Planning Office, a remarkable achievement with 114 gifts, compared to the previous FY01 record of \$12.1 million with 160 gifts.

The Charitable Gift and Estate Planning staff offers many services to congregations and other UU entities, including consultations on planned giving and endowments, workshops at cluster and District meetings, the uu-planned giving list serve, print materials, and web pages full of information. Visit [www.uua.org/giving/giftplans](http://www.uua.org/giving/giftplans) and learn all about it.

All in all it was a year of abundant generosity for Unitarian Universalists.

### **Financial Services Staff Group**

In serving and interacting with all Association staff groups and districts, Financial Services is responsible for: developing and maintaining the UUA's financial records and reporting; issuing timely payments to staff, volunteers and vendors; accounting administration and reporting for the general investment and endowment funds; billing, collecting and reporting to the Congregational Properties & Loan Commission on the financial status and results of the building loan program; and the administering of the financial aspects of the UU Retirement Plan.

### **Operations / Facilities Staff Group**

The role of the Operations staff group is to support the UUA staff and the Association's members, directly and indirectly, by providing services for daily operations and maintaining our physical facilities while protecting the Association's assets at the most economical cost.

**Eliot & Pickett House:** The meeting and lodging house offers accommodations for Unitarian Universalists who tour historic Boston, are here on business at our great location and comfortable, affordable accommodations adjacent to the UUA offices and the Massachusetts State House. Ongoing improvements to the facility continue, with a recently completed handicap accessible ramp and the addition of an additional accessible bedroom and with rooms being regularly re-carpeted and painted on a planned schedule. Boston meeting rooms and lodging are especially available during the mid-summer months and also throughout the year at reasonable prices. The Eliot & Pickett lodging house has space for committee meetings and lodging during tours of historic New England and our Unitarian Universalist roots. Daily room rate for a single is \$70 and for a double is \$100, with an opportunity for seasonal discounts. Contact Morgan Ryan, Manager for information at (617) 948-4679 or by email at [e&p@uua.org](mailto:e&p@uua.org).



**REPORT ON UUA EQUAL EMPLOYMENT OPPORTUNITY  
APRIL 1, 2004**

**PERCENTAGES**

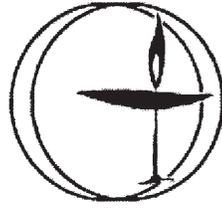
	All Employees	Grades 1-7	Grades 8+	Ungraded
<b>Black</b>	10%	29%	6%	4%
<b>Hispanic</b>	4%	9%	2%	7%
<b>Asian / Pacific Islander</b>	4%	6%	2%	7%
<b>American Indian / Alaskan Native</b>	1%	0%	1%	0%
<b>Female</b>	65%	59%	65%	71%

**STAFF GROUP ANALYSIS**

STAFF GROUP	All Employees			Black			Hispanic			Asian / Pacific Islander			American Indian / Alaskan Native			White				
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female		
<b>Advocacy &amp; Witness</b>	12.5	2	10.5	0	1.5	0	0	0	0	0	0	0	0	0	0	0	10	2	8	0
<b>Congregational Services</b>	13.5	8	5.5	0	0	0	0	0	0	0	0	0	0	0	0	0	12.5	7	5.5	0
<b>District Services / Field Staff</b>	36.5	12	24.5	0	1	0	1	0	0	0	0	0	0	0	0	0	32.5	11	21.5	0
<b>Identity Based Ministries</b>	7.5	1	5.5	1	1.5	0	1	0	0	0	0	0	0	0	0	0	5	1	3	1
<b>Lifespan Faith Development</b>	10	3	7	0	0	0	0	0	0	0	0	0	0	0	0	0	10	3	7	0
<b>Ministry &amp; Professional Leadership</b>	15	5	10	0	2	0	0	0	0	0	0	0	0	0	0	0	13	5	8	0
<b>Communications</b>	18	6	12	0	1	1	0	0	0	0	0	0	0	0	0	0	17	5	12	0
<b>Administration</b>	6	2	4	0	1	1	0	0	0	0	0	0	0	0	0	0	5	1	4	0
<b>Stewardship &amp; Development</b>	12	1	11	0	2	0	0	0	0	0	0	0	0	0	0	0	10	1	9	0
<b>Information Technology Services</b>	13	6	7	0	1	0	1	0	0	0	0	0	0	0	0	0	10	5	5	0
<b>Financial Services / General Assembly</b>	13	4	9	0	1	0	0	0	0	0	0	0	0	0	0	0	11	4	7	0
<b>Operations / P&amp;E</b>	13	11	2	0	7	6	1	0	2	0	0	0	0	0	0	0	4	3	1	0
<b>Beacon Press</b>	24	6	18	0	0	0	0	2	1	1	0	2	0	2	0	0	20	5	15	0
<b>TOTAL</b>	194	67	126	1	19	8	11	0	7	4	3	0	7	2	5	0	160	53	106	1

The UUA practices equal opportunity and affirmative action for women and persons of color in the recruitment process for all staff positions. Under the current affirmative action policy, a review of hiring and termination vis-à-vis race and gender is conducted annually. Copies of the affirmative action policy and past reports are available on request from the Affirmative Action Officer and the Human Resources Director.





**Unitarian Universalist Association  
Annual Treasurer's Report  
June 2004  
GA Long Beach, CA**

Jerry Gabert, Treasurer and Vice President of Finance



**Unitarian Universalist Association  
Annual Treasurer's Report  
To the 2004 General Assembly in Boston**

The UUA **Current Operations Budget Summary** contains results for the fiscal years ending June 30, 2002 and 2003, along with the budget for the current fiscal 2004 year just ending, the approved budget for the upcoming FY2005 budget year and the outlying FY2006 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 575 organizations and 2355 participants. We have 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 has offered enhanced education and retirement investment planning services, more 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.

The **Strategic Review of the Asset Allocation Policy** of the UUA General Investment Fund (GIF) was begun in 2002. In conjunction with the services of New England Pension Consultants (NEPC), the committee studied a wide range of asset classes in 2003 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 voted unanimously to revise 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 the Pacific Investment Management Company (PIMCO), known as the SIT Total Return II Trust, 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 Grantham, Mayo, Van Otterloo & Co. (GMO) Global Bonds Fund. Additional equity proceeds were placed in the Domini Social Funds Index.

The committee then began analysis of alternatives for placement and strategic investment of core equity assets at its meetings in May and September 2003. 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 12<sup>th</sup> business day of the following 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 Association offers the advantages of an actively managed and administered portfolio versus an index fund, with little effort expended for a fee of about 1%. The UUA GIF is overseen by two committees of qualified professionals: the Investment Committee and the Committee on Socially Responsible Investing.

The **Committee on Socially Responsible Investing** has made substantial growth progress in the past year. During this year the CSRI introduced a new renewable energy screen and the pages following this report include the description of the special program events and workshops that may be of interest to you. Come and join us!

The **Unitarian Universalist Association Financial Statements** for the years ended June 30, 2003 and 2002, on which Deloitte & Touche expressed an unqualified opinion, are included elsewhere in the independent section of these UUA 2004 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, 2002 was \$12 million. There are Supplemental Schedules of assets, liabilities and net assets on pages 15 - 17 that you may find of interest.

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 \$30.9 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 that include: Current Section, Beacon Press, Congregational Properties & Loan Commission, and Trust and Agency and Endowment. 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 service department 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!

I am honored to have the opportunity to make a personal contribution, as your Treasurer, to our progress along the path....

Jerry Gabert, Treasurer and Vice President of Finance

# Unitarian Universalist Association GENERAL INVESTMENT FUND



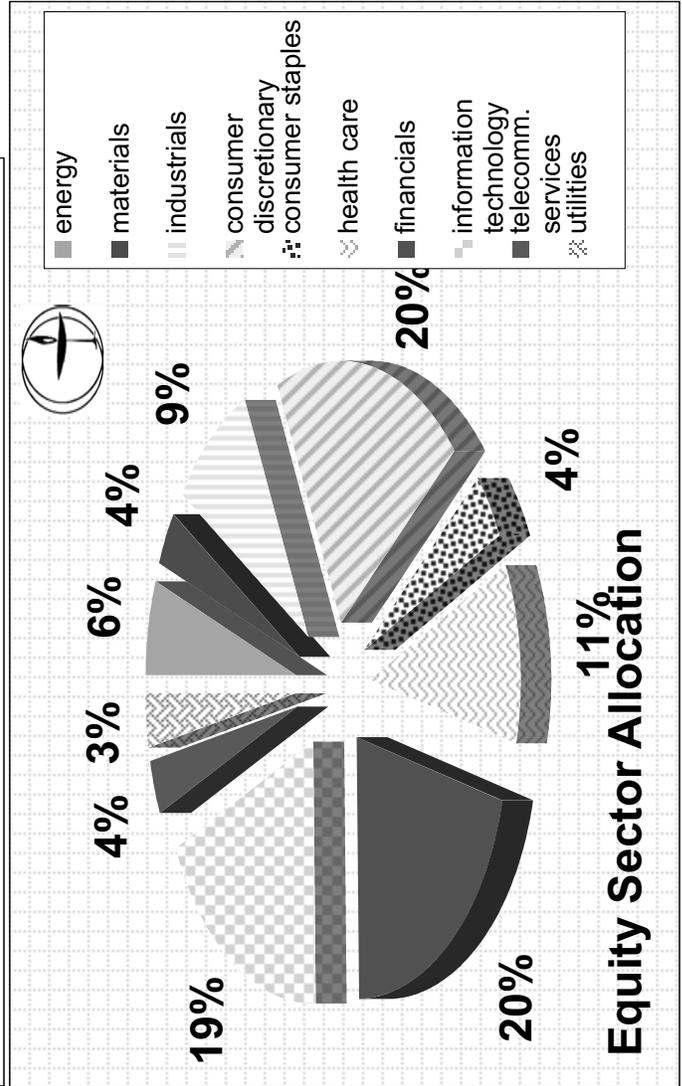
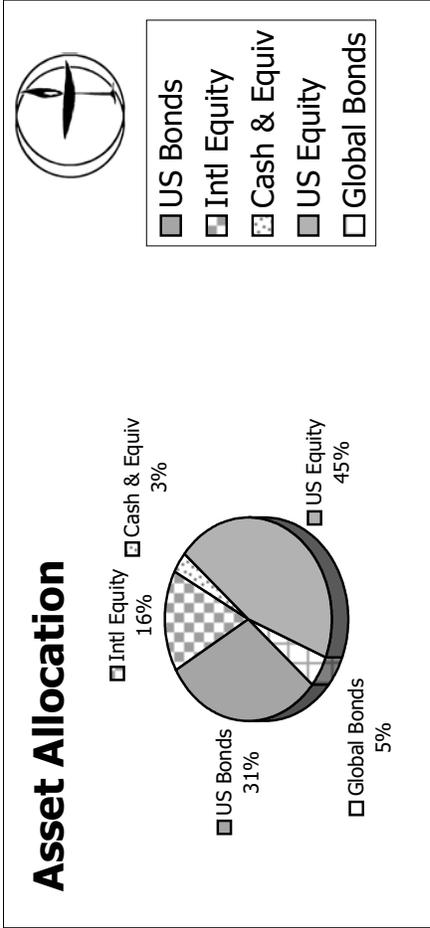
Performance Summary for

DEC. 31, 2003  
NAV 7.321

Investment Returns Summary	Inception Date	Assets \$ mil	Qtr to date		CYTD		FYTD		Annualized since Inception
			9/30/03-12/31/03	12/31/03	12/31/02-12/31/03	12/31/03	6/30/03-12/31/03	12/31/03	
Total Assets	12/31/95	102	9.2	24.3	13.3	80.9	7.7		

## Top 10 Equity Portfolio Holdings By Size of Holding

Security	Size\$(000)	% of Total Equity Mkt Value	Quarterly Total Return (%)
EBAY	1,227.6	2.6	20.5
Citigroup Inc	942.8	2.0	7.4
Cisco Systems	896.5	1.9	23.7
Genentech Inc	795.3	1.7	16.8
Microsoft Corp	747.7	1.6	-1.0
Dell Inc	747.6	1.6	1.7
Harley Davidson	712.9	1.5	-1.2
Capital One Financial	704.8	1.5	7.5
Apollo Group Inc	678.1	1.5	2.7
Starbuck Corp	663.2	1.4	15.1
<b>Total Top 10</b>	<b>8,116.5</b>	<b>17.3</b>	



For more details, please logon to our website at

<http://www.uua.org/finance>

# UUA GIF

## Asset Allocation

### Target Allocation (12/31/03)

International Equity	15.0%	Small Cap Equity	15.0%	Large Cap Equity	30.0%	Domestic Fixed	28.0%	High Yield	7.0%	Global Bonds	5.0%
				60% Equity		40% Fixed Income					

### Current Asset Allocation (12/31/03)\*

International Equity	16.2%	Small Cap Equity	15.5%	Large Cap Equity	29.7%	Domestic Fixed	24.1%	High Global Yield Bonds	6.4%	Cash	3.2%
				64.1% Equity		34.7% Fixed Income		1.2% Cash			

\* Manager weights exclude manager cash

**Total Fund Performance  
UUA GIF**



	Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	7 Years Return
<b>Total Fund Periods Ending 12/31/2003</b>	9.2	24.3	3.1	-0.7	1.9	6.7

	Year Ending JUNE 03 Return	Year Ending JUNE 02 Return	Year Ending JUNE 01 Return	Year Ending JUNE 00 Return	Year Ending JUNE 99 Return
<b>Fiscal Years Ending June 30</b>	4.3	-12.5	-6.1	6.5	13.3
<b>Total Fund</b>					

## **COMPREHENSIVE SOCIAL ANALYSIS AND GUIDELINES 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 RATING
- FORMAL COMMUNICATIONS STRUCTURES WITH COMMUNITY GROUPS AND A HIGH LEVEL OF PUBLIC ACCOUNTABILITY
- STRONG WOMEN AND MINORITY ECONOMIC DEVELOPMENT POLICIES AND PROGRAMS
- INNOVATIVE COMMUNITY INVOLVEMENT SUCH AS PAID TIME OFF OR SABBATICALS FOR VOLUNTEERS, EMPLOYEE RECOGNITION, COMPANY SPONSORED VOLUNTEER PROGRAMS AND GENEROUS CORPORATE PHILANTHROPY

## **COMPREHENSIVE SOCIAL ANALYSIS AND GUIDELINES ENVIRONMENTAL IMPACT**

### **AVOID COMPANIES THAT:**

- SHOW A PATTERN OF SERIOUS ENVIRONMENTAL VIOLATIONS
- HAVE BEEN NEGLIGENT ON HANDLING SIGNIFICANT ENVIRONMENTAL PROBLEMS
- ARE RESPONSIBLE FOR MAJOR ENVIRONMENTAL DISASTERS
- ARE SIGNIFICANTLY ENGAGED IN PRACTICES WITH NEGATIVE GLOBAL IMPACT 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:**

- A COMMITMENT TO INCREASE INVOLVEMENT IN RENEWABLE ENERGY SOURCES.
- 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, THE COALITION FOR ENVIRONMENTALLY RESPONSIBLE ECONOMIES)
- A COMMITMENT TO STANDARDIZED ENVIRONMENTAL REPORTING (CERES)

## **COMPREHENSIVE SOCIAL ANALYSIS AND GUIDELINES EMPLOYEE IMPACT**

### **AVOID COMPANIES THAT:**

- ARE EGREGIOUS OFFENDERS OR HAVE PATTERNS OF EQUAL EMPLOYMENT OPPORTUNITY 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 ORGANIZATION STANDARDS

### **FAVOR COMPANIES WITH:**

- ABOVE-AVERAGE REPRESENTATION OF WOMEN AND 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

## **COMPREHENSIVE SOCIAL ANALYSIS AND GUIDELINES CUSTOMER IMPACT**

### **AVOID COMPANIES THAT:**

- ARE MAJOR WEAPONS MANUFACTURERS (TOP 25-50) OR WITH WEAPONS SALES 5% OR MORE OF TOTAL SALES
- 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 OR 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



## UUA General Investment Fund

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

### Pooling Your UU Organization's Funds w/the UUA

Learn how the UUA GIF (Endowment) is invested to align with UU values of justice and environmental sustainability, and how your congregation or camp/conference can pool its funds with the GIF. Breakout groups will cover Proxy Voting and Shareowner Activism, Investment Analytics (asset allocation, benchmarking) and Resources.

**Speakers:** Lucia Santini-Field & Jerry Gabert  
**Date:** Friday, June 25<sup>th</sup>, 1:30 – 2:45pm  
**Room:** Long Beach Convention Center Room 202B

#### REPEAT

**Speakers:** Lucia Santini-Field & Larry Ladd  
**Date:** Monday, June 28<sup>th</sup>, 2:00 – 3:15pm  
**Room:** Long Beach Convention Center Room 201A

### Align, Ye UUs, Your Assets with Your Values

Review the basic tools of investing with your values – community investing, stock investing screening, proxy voting, and shareowner activism. Mini-case studies will be presented, followed by breakout groups. For individuals, social justice/finance committees, ministers and staff.

**Speakers:** Rev. Sydney Morris & Stephanie Leighton  
**Date:** Saturday, June 26<sup>th</sup>, 11:00 – 12:15pm  
**Room:** Long Beach Convention Center Room 202C

#### REPEAT

**Speakers:** Rev. Sydney Morris & Stephanie Leighton  
**Date:** Saturday, June 26<sup>th</sup>, 3:15 – 4:30pm  
**Room:** Long Beach Convention Center Room 201A

### Creating Partnerships through Community Investing

Your investments can create partnerships in your community, nationally, and internationally. Explore affordable housing, community investing, and domestic and international micro-lending. Learn about the UUA matching investments of up to \$10,000

**Speakers:** Joan Cudhea & Mark Knight  
**Date:** Sunday, June 27<sup>th</sup>, 8:30 – 9:45pm  
**Room:** Long Beach Convention Center Room 302

**Socially Responsible Investing**



## **Operating Budget Summary**

FY 2002 and 2003 Results

FY2004 and 2005 Budget

FY2006 Received Budget

**UUA Budget Summary  
Current Operations**

	<b>FY02 Results</b>	<b>FY03 Results</b>	<b>FY04 Budget 10/19/03</b>	<b>FY05 Budget 04/18/04</b>	<b>FY06 Received 04/18/04</b>
<b>INCOME</b>					
<b><u>Income for General Support</u></b>					
Fundraising - APF Churches & Fellowships	5,502,231	5,731,096	5,843,850	6,092,214	6,493,307
Fundraising - APF \$1 for Growth Fund			130,818	136,378	
Fundraising - Friends of the UUA	1,020,680	1,041,693	1,042,000	1,092,000	1,146,600
Unrestricted Gifts and Bequests	525,000	450,000	450,000	450,000	375,000
Subtotal	<u>7,047,911</u>	<u>7,222,789</u>	<u>7,466,668</u>	<u>7,770,592</u>	<u>8,014,907</u>
Administration Fees	936,454	777,991	753,431	839,312	825,179
General Investment Fund Income	2,748,108	2,426,303	2,103,101	2,000,768	2,015,228
Other Current Fund Income	2,845,871	2,742,255	2,791,815	2,747,975	2,742,975
<b>Total Income for General Support</b>	<b>13,578,344</b>	<b>13,169,338</b>	<b>13,115,015</b>	<b>13,358,647</b>	<b>13,598,289</b>
<b><u>Income for Designated Purposes</u></b>					
Handing on the Future Income	309,315	620,596	432,063	216,447	204,000
Campaign for Unitarian Universalism	262,925	660,167	910,404	828,592	1,153,000
UUCSR Veatch Grants	1,687,167	1,920,692	2,341,441	2,026,545	2,026,545
Grants and Scholarships	1,103,463	966,225	829,428	786,735	792,130
Ministerial Aid Funds	638,736	430,483	470,000	450,000	450,000
Holdeen and International Trusts and Grants	1,777,225	1,523,653	1,377,064	1,336,469	1,356,144
Income for Other Purposes	632,549	629,823	351,806	326,020	213,030
Capital Gains for Fundraising	855,201	713,806	696,879	646,820	685,238
<b>Total Income for Designated Purposes</b>	<b>7,266,581</b>	<b>7,465,445</b>	<b>7,409,085</b>	<b>6,617,628</b>	<b>6,880,087</b>
<i>General Assembly - net</i>	55,813	0	0	0	0
<b>Total Income</b>	<b>20,900,738</b>	<b>20,634,720</b>	<b>20,524,100</b>	<b>19,976,275</b>	<b>20,478,376</b>

**EXPENDITURES**

**Board & Volunteer Leadership**

Board of Trustees	164,323	169,768	169,201	164,201	164,201
Board Task Forces	104,353	148,302	120,687	105,578	111,596
Moderator	12,752	22,025	22,500	20,000	20,000
Nominating Committee	19,333	19,556	20,000	18,000	20,000
Fulfilling the Promise			0	0	0
Commission on Appraisal	27,849	36,632	28,000	30,000	28,000
Ministerial Fellowship Committee	220,870	202,095	179,000	169,000	169,000
APF Continental Committee	30,800	31,925	33,020	33,020	34,400
U U Funding Program	962,816	1,020,340	1,100,000	1,101,545	1,101,545
<b>Total Board &amp; Volunteer Leadership</b>	<b>1,543,096</b>	<b>1,650,643</b>	<b>1,672,408</b>	<b>1,641,344</b>	<b>1,648,742</b>

**Program**

**Advocacy and Witness**

Information and Public Witness	171,017	182,178	213,709	210,255	210,255
Advocacy Programs	322,612	544,291	512,039	476,325	490,620
International Office	264,711	290,287	218,873	194,939	193,091
Holdeen Designation Trusts	585,000	540,000	476,038	446,987	464,175
Holdeen India Program	976,601	804,979	718,596	694,270	698,878
<b>Total Advocacy and Witness</b>	<b>2,319,941</b>	<b>2,361,735</b>	<b>2,139,255</b>	<b>2,022,776</b>	<b>2,057,019</b>

**Congregational Services**

Director's Office	196,562	415,326	347,781	294,554	460,854
Lay Leadership Development	67,789	138,796	177,486	142,277	142,277
New Congregation and Growth Resources	739,963	497,906	351,994	254,592	193,592
Congregational Justice Making Resources	0	240,646	282,563	225,134	225,134

**UUA Budget Summary  
Current Operations**

	<b>FY02 Results</b>	<b>FY03 Results</b>	<b>FY04 Budget 10/19/03</b>	<b>FY05 Budget 04/18/04</b>	<b>FY06 Received 04/18/04</b>
<b>(Program, continued)</b>					
<b>(Congregational Services continued)</b>					
Young Adult and Campus Ministry Director	393,458	457,579	396,017	342,678	342,678
Congregational Fundraising Services	430,578	411,358	421,555	414,325	414,325
Services to Large Congregations	116,350	177,809	465,867	307,542	307,542
<i>Total Congregational Services</i>	<u>1,944,700</u>	<u>2,339,420</u>	<u>2,443,263</u>	<u>1,981,102</u>	<u>2,086,402</u>
<b>District Services</b>					
District Services	1,239,089	1,398,375	1,432,189	1,435,277	1,553,369
District APF Grants	567,802	585,168	597,449	609,416	641,545
<i>Total District Services</i>	<u>1,806,891</u>	<u>1,983,543</u>	<u>2,029,638</u>	<u>2,044,693</u>	<u>2,194,914</u>
<b>Identity Based Ministries</b>					
Identity Based Ministries	0	434,120	492,897	490,675	460,543
Faith in Action	763,491	0	0	0	0
Programs Section	147,342	0	0	0	0
<i>Total Identity-Based Ministries</i>	<u>910,833</u>	<u>434,120</u>	<u>492,897</u>	<u>490,675</u>	<u>460,543</u>
<b>Lifespan Faith Development</b>					
Director of Lifespan Faith Development	183,022	153,183	162,245	162,622	166,622
Curriculum Development	356,296	327,025	278,923	283,350	294,522
Our Whole Lives	0	0	35,000	0	0
Consultant on Youth	237,730	252,125	242,224	213,733	224,233
Youth Council	49,019	40,882	44,973	47,738	48,877
Youth Programs	38,184	31,994	27,500	27,500	27,500
<i>Total Lifespan Faith Development</i>	<u>864,251</u>	<u>805,209</u>	<u>790,865</u>	<u>734,943</u>	<u>761,754</u>
<b>Ministry &amp; Professional Leadership</b>					
Dir. of Ministry & Professional Credentialing	210,037	224,161	219,819	223,325	223,325
RE Credentialing	54,729	99,674	121,387	122,548	122,548
Ministerial Credentialing	147,745	157,730	164,664	176,488	176,488
Settlement	209,302	201,450	212,260	213,243	213,243
Office of Church Staff Finances	251,080	275,222	222,658	276,257	276,257
Professional Development	132,186	179,775	197,125	189,362	194,801
Scholarships and Ministerial Ed Grants	347,045	389,541	347,143	315,918	324,251
Recruitment	5,900	3,500	0	0	0
Continuing Education	66,346	61,748	50,000	51,767	70,000
Aid Funds	653,876	445,904	488,000	468,588	469,000
Panel on Theological Education	828,067	728,705	591,614	578,631	582,993
<i>Total Ministry &amp; Prof. Development</i>	<u>2,906,313</u>	<u>2,767,410</u>	<u>2,614,670</u>	<u>2,616,127</u>	<u>2,652,906</u>
<b>Publishing</b>					
<b>Communications</b>					
Director of Communications	174,853	104,751	127,520	107,408	107,408
Periodicals	914,656	834,828	734,591	822,518	827,518
Publications Administration	403,914	398,846	430,050	425,398	426,398
UUA Bookstore	778,537	794,798	811,462	838,665	829,235
<i>Total Communications</i>	<u>2,271,960</u>	<u>2,133,223</u>	<u>2,103,623</u>	<u>2,193,989</u>	<u>2,190,559</u>
Beacon Press supplement			100,000	100,000	100,000
<b>Beacon Press</b>					
Total Operating Income	5,100,357	4,909,655	4,442,259	5,108,000	
Total Operating Expenses	5,149,596	4,805,119	4,617,749	5,129,000	
Beacon Press (display only, not in totals)	(49,239)	(186,000)	(189,000)	(71,000)	
<i>Total Publishing</i>	<u>2,271,960</u>	<u>2,133,223</u>	<u>2,203,623</u>	<u>2,293,989</u>	<u>2,290,559</u>
<b>Total Program</b>	<b>13,024,889</b>	<b>12,824,660</b>	<b>12,714,211</b>	<b>12,184,305</b>	<b>12,504,097</b>

**UUA Budget Summary  
Current Operations**

	<b>FY02 Results</b>	<b>FY03 Results</b>	<b>FY04 Budget 10/19/03</b>	<b>FY05 Budget 04/18/04</b>	<b>FY06 Received 04/18/04</b>
<b>Administration</b>					
Office of the President	324,329	343,390	337,304	312,163	387,163
Office of the Executive Vice President	336,343	331,028	332,911	308,281	331,281
Contingency Expense	241,176	216,308	309,696	318,320	325,659
Human Resources	497,744	336,683	359,056	509,599	863,519
<b>Total Administration</b>	<b>1,399,592</b>	<b>1,227,409</b>	<b>1,338,967</b>	<b>1,448,363</b>	<b>1,907,622</b>
<b>Infrastructure</b>					
<b>Stewardship and Development</b>					
VP of Stewardship & Development	132,479	150,940	245,826	40,527	43,527
APF Campaign	173,867	184,762	193,904	195,107	197,307
Friends Campaign	381,940	338,192	318,035	346,908	345,168
Charitable Gift and Estate Planning	209,319	229,868	229,203	197,353	203,783
Campaign for UUism / Umbrella Giving	757,104	655,510	626,879	646,820	685,238
<b>Total Financial Development</b>	<b>1,654,709</b>	<b>1,559,272</b>	<b>1,613,847</b>	<b>1,426,715</b>	<b>1,475,023</b>
<b>Information Technology Services</b>					
Data and Technical Services	840,851	871,860	933,621	905,659	919,476
Office of Electronic Communications	177,152	200,382	254,402	227,202	216,812
<b>Total Information Technology Services</b>	<b>1,018,003</b>	<b>1,072,242</b>	<b>1,188,023</b>	<b>1,132,861</b>	<b>1,136,288</b>
<b>Internal Services</b>					
<b>Finance</b>					
Treasurer and Vice President of Finance	272,072	309,113	270,809	305,753	307,753
Financial Services	430,452	450,110	443,260	469,305	469,305
Miscellaneous Funds and Scholarships	122,669	130,743	0	0	0
<b>Total Finance</b>	<b>825,193</b>	<b>889,966</b>	<b>714,069</b>	<b>775,058</b>	<b>777,058</b>
<b>Facilities &amp; Operations Services</b>					
Facilities - General	532,470	823,202	798,514	810,823	813,323
25 Beacon Street	85,130	93,071	90,000	94,500	103,250
41 Mt Vernon Street	184,362	168,310	164,096	165,609	183,479
Eliot and Pickett House	227,052	238,934	229,967	246,696	253,696
Depreciation Expense	435,928	0	0	0	0
<b>Total Facilities &amp; Operations Services</b>	<b>1,464,942</b>	<b>1,323,517</b>	<b>1,282,577</b>	<b>1,317,628</b>	<b>1,353,748</b>
<b>Total Internal Services</b>	<b>2,290,135</b>	<b>2,213,483</b>	<b>1,996,646</b>	<b>2,092,686</b>	<b>2,130,806</b>
<b>Total Infrastructure</b>	<b>6,276,051</b>	<b>6,159,414</b>	<b>6,137,483</b>	<b>6,040,440</b>	<b>6,600,255</b>
<b>Total Expenditures</b>	<b>20,844,026</b>	<b>20,634,720</b>	<b>20,524,100</b>	<b>19,976,275</b>	<b>20,862,578</b>
<b>Expenditures (over) under Income</b>	<b>56,712</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(384,202)</b>

# **Operating Budget Supplement**

## OPERATING 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 45% of the UUA's budgeted income for general support. The APF Program concentrates its efforts on raising revenue from our member congregations: the suggested contribution for fiscal year 2004 is \$48 per member, \$50 per member for fiscal year 2005 and fiscal year 2006 is expected to be determined at the June meeting of the Board of Trustees. 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 4.25% in FY2004 and 4.25% in FY2005. In both of these years \$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% of the Association's annual income for general support. The projected giving from current and new Friends donations is expected to be \$1,042,000 in FY2004, \$1,092,000 in FY2005 and \$1,146,000 in FY2006.

##### *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 in FY2004 was \$450,000, will be level in FY2005 and will be further reduced by \$75,000 in FY2006.

##### *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 the second half of FY2004, for FY2005 and for FY2006 is based on the assumption the market will remain at the December 31, 2003 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 in FY2004 through FY2006 is 5% that is paid quarterly. The income is expected to be down about 13 % in FY2004, also down by 5% in FY2005 and will be ahead about 1% in FY2006.

### ***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 FY2004 the income increased overall by 2% due to outside trust, periodicals and other unrestricted income, offset by the elimination of Beacon Press occupancy charges, and a reduction in LRCS distributions. In FY2005 income is expected to decrease about 2% from reduced fees for building programs, 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 Metropolitan Pathways strategy 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. FY2004 reflects an annual grant of \$1,000,000 committed for: Growth \$350,000, RE Credentialing \$100,000, Lay Leadership \$275,000, Ethics in Congregational Life \$150,000. Veatch Grants of \$900,000 in FY2005 will also 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 \$1.1 million available for grant making.

### ***Educational Grants and Scholarships***

Reflects income from an endowment of \$9,000,000 made by 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 the anticipated income from Ministerial Aid endowment funds and the Living Tradition fund.

### ***Holdeen and International Trusts***

Includes the 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 the 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. Journey Toward Wholeness Sunday income with expectations reduced to \$16,000 in FY2004 is expected to provide support for anti-racism / anti-oppression training and Whitney Young awards. Funds 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. In FY2004, \$15,000 of the Berry social action/social justice funds supports advocacy and witness programs.

### ***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: \$100,000 in FY2004 and \$90,000 in FY2005 and in FY2006.

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 FY2004 Holdeen India Program grants budget is \$503,554, and the grants for FY2005 are expected to be \$493,112 as a result 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)***

The mission of Identity-Based Ministries is to create an environment in which bisexual, gay, lesbian, and/or transgender (BGLT) persons, economically oppressed people, Latina / Lantino and Hispanic people, multiracial families, people of color, and persons with disabilities will experience a renewed sense of belonging, enthusiasm, and support for Unitarian Universalism; nurture spiritual community; strengthen their individual and collective leadership; and actively participate in transforming Unitarian Universalism into an anti-oppressive faith community.

The Identity-Based Ministries staff group works collaboratively with other staff groups to develop resources, strategies, and programs that build the leadership and sustainability of the identity groups named above. Additionally, Identity-Based Ministries gives support to all UUA staff groups to develop their anti-oppression knowledge, skills and competencies, and consults with the Association on its anti-oppression efforts.

### ***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.

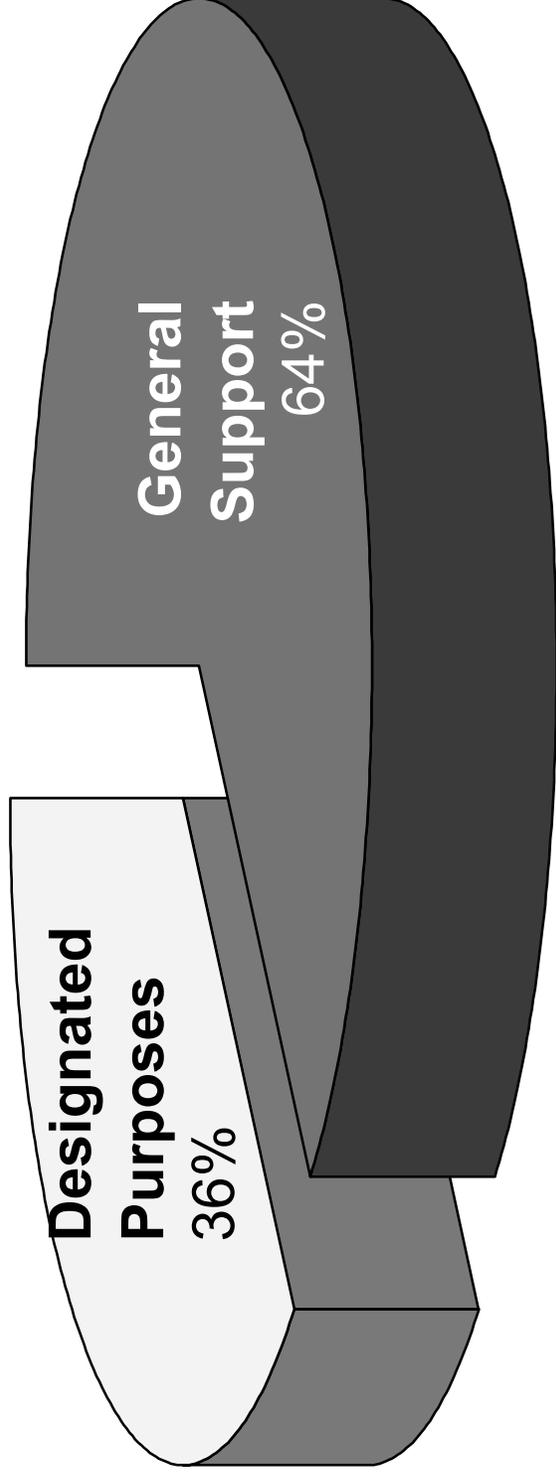
***Depreciation Expense***

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 2004

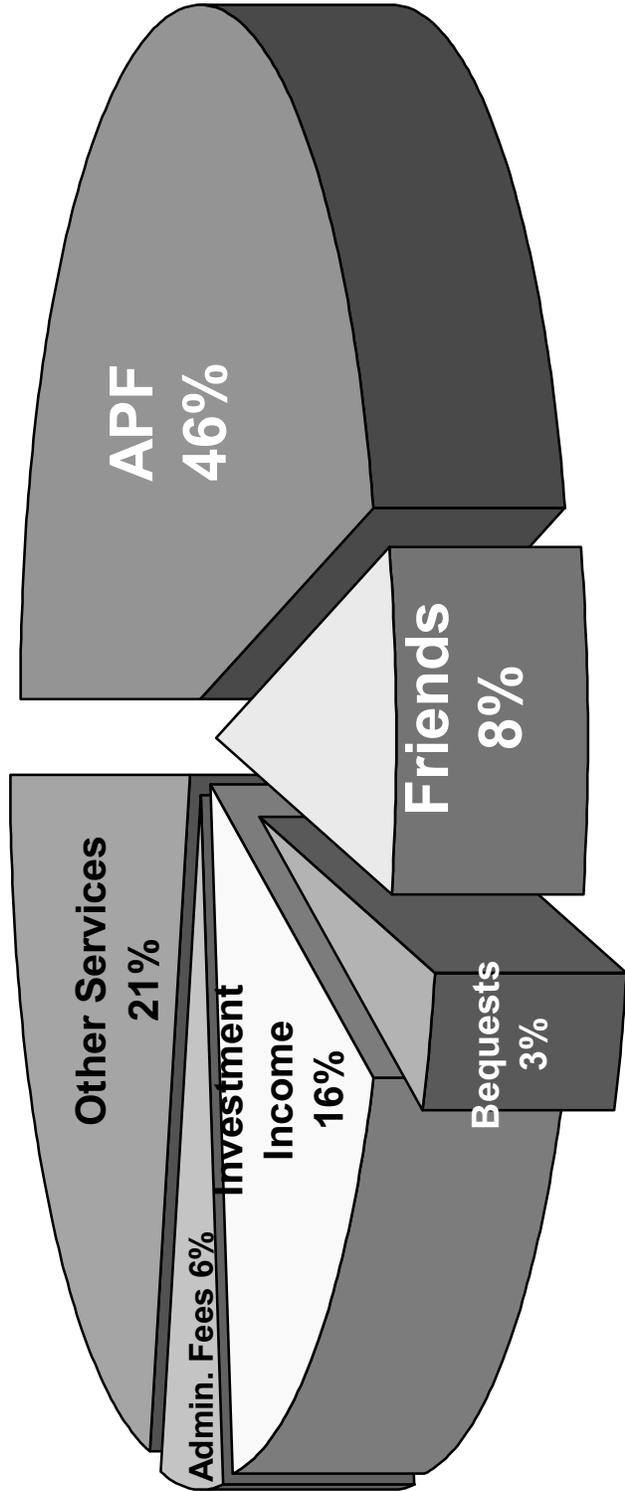
# FY04 Total Income: \$20,524,100



Income for Designated Purposes \$ 7,409,085

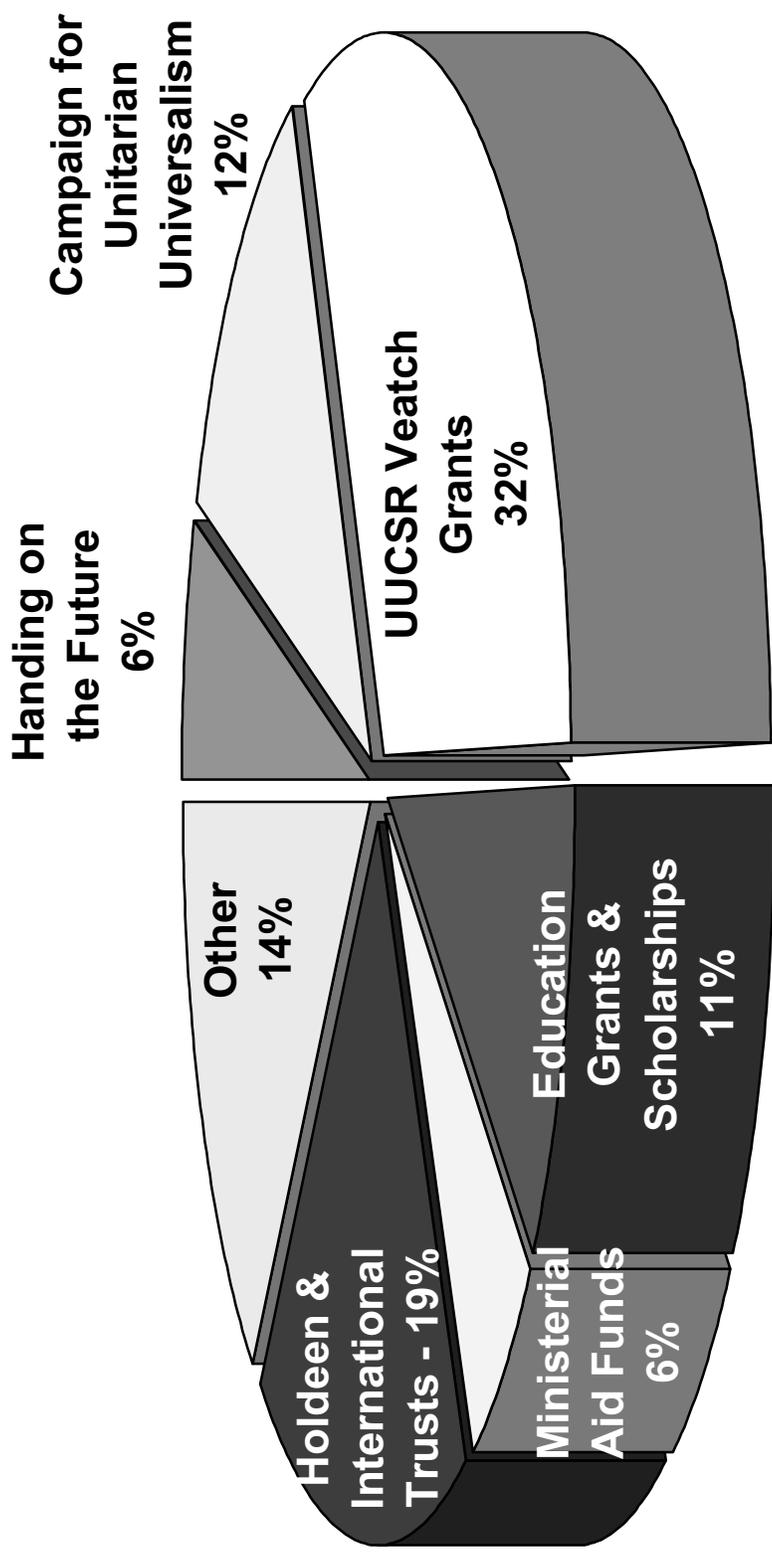
Income for General Support \$13,115,015

# FY04 Income for General Support: \$13,115,015



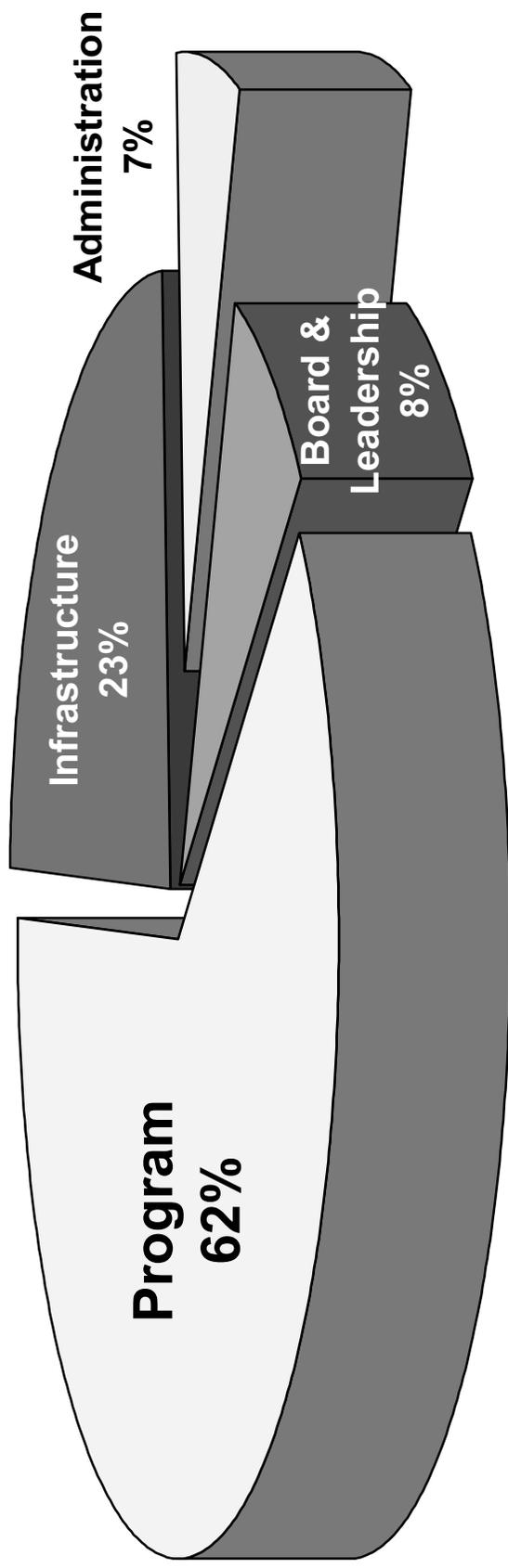
Other Services	\$2,791,815	APF	\$5,974,668
Admin. Fees	\$ 753,431	Friends	\$1,042,000
Investment Income	\$2,103,101	Bequest	\$ 450,000

# FY04 Income for Designated Purposes: \$7,409,085



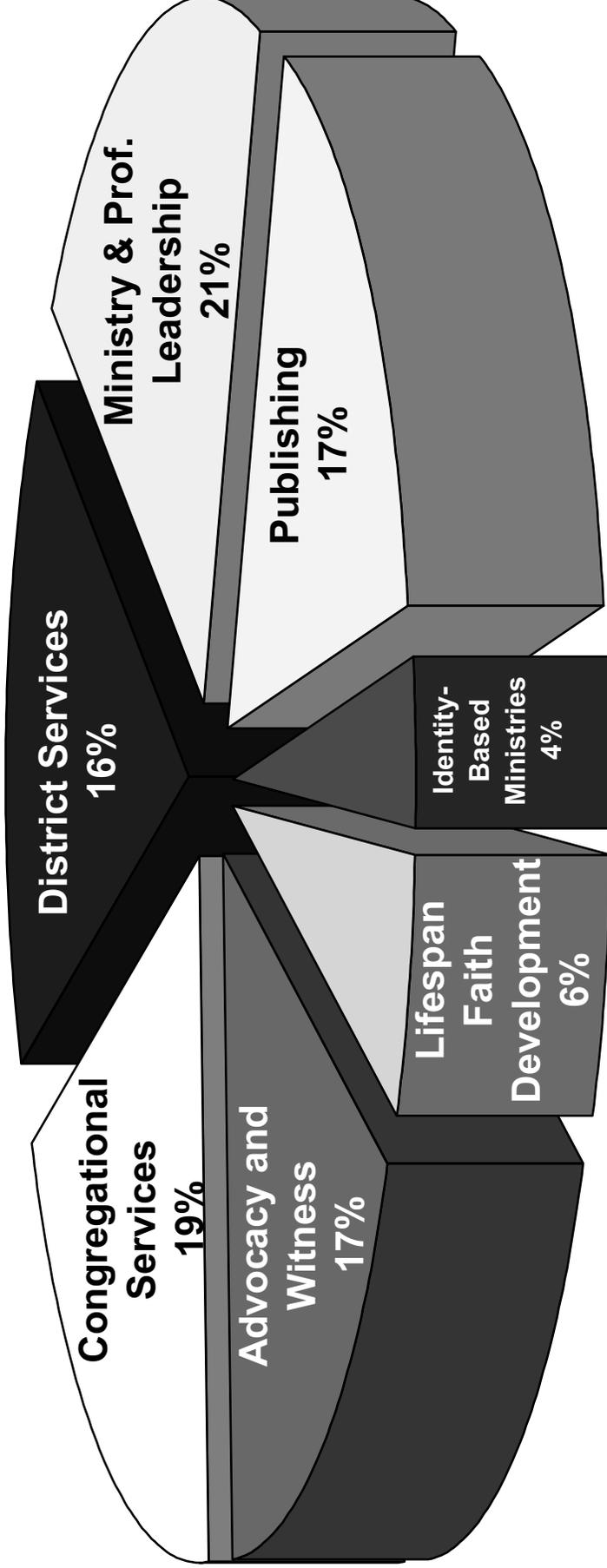
Other	\$ 1,048,685	Handing on the Future	\$ 432,063
Holdeen and International Trusts	\$ 1,377,064	Campaign for UU	\$ 910,404
Ministerial Aid Funds	\$ 470,000	UUCSR Veatch Grants	\$ 2,341,441
Scholarships	\$ 829,428		

# FY04 Total Expenditures: \$20,524,100



Program	\$ 12,714,211	Board & Volunteer Leadership	\$ 1,672,408
Infrastructure	\$ 4,798,516	Administration	\$ 1,338,967

# FY04 Program Expenditures: \$12,714,211

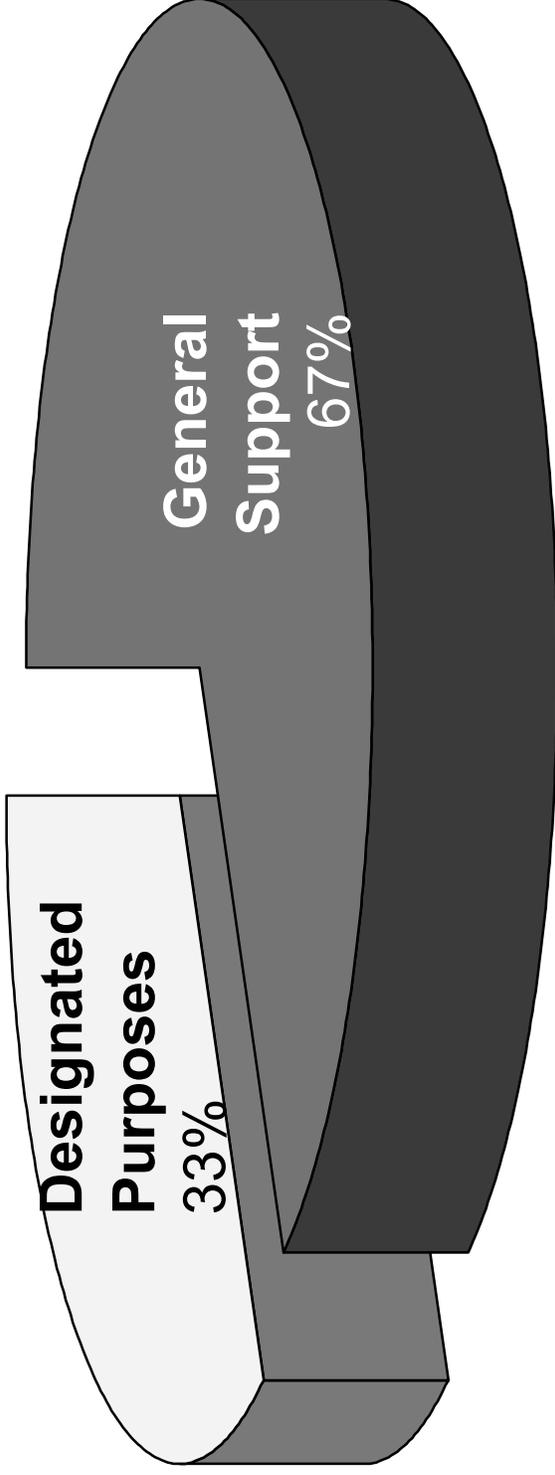


Advocacy and Witness	\$2,139,255	District Services	\$2,029,638
Congregational Services	\$2,443,263	Ministry & Prof. Leadership	\$2,614,670
Lifespan Faith Development	\$ 790,865	Identity-Based Ministries	\$ 492,897
		Publishing	\$2,203,623

# **Operating Budget Graphs**

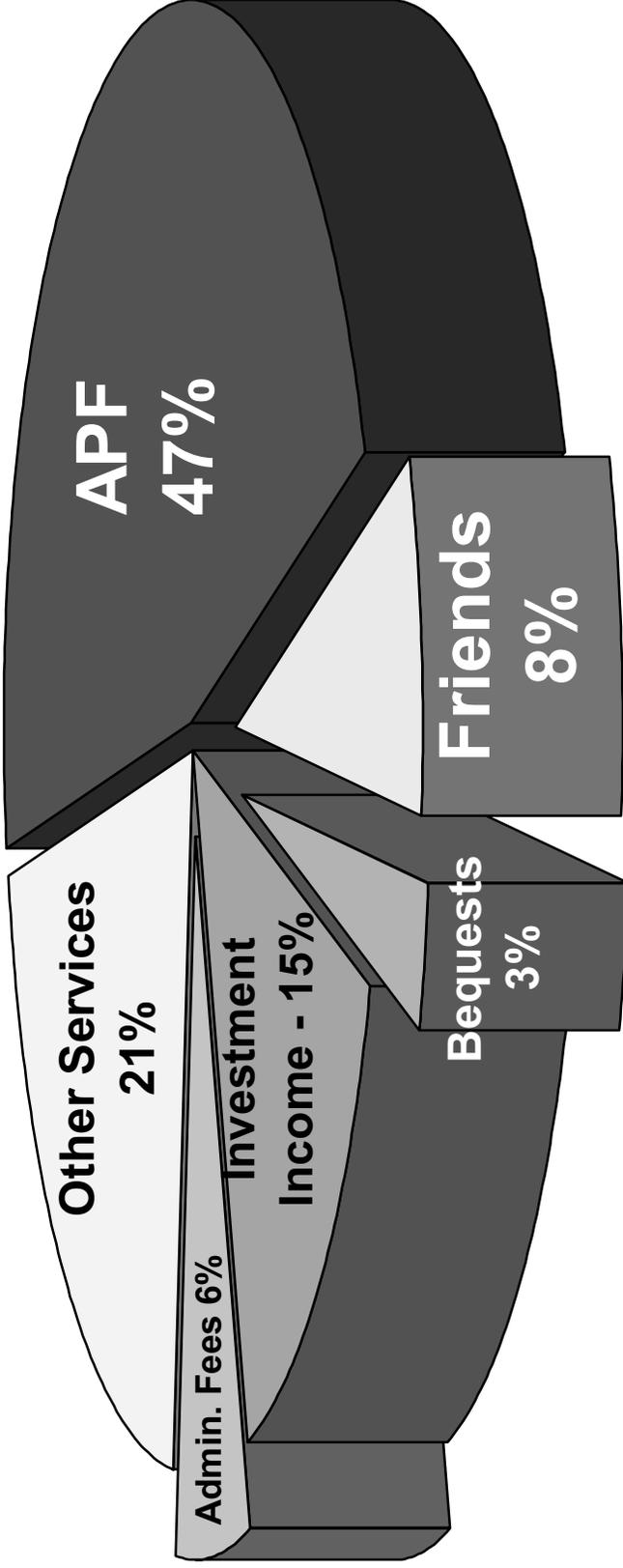
Budget FY 2005

# FY05 Total Income: \$19,976,275



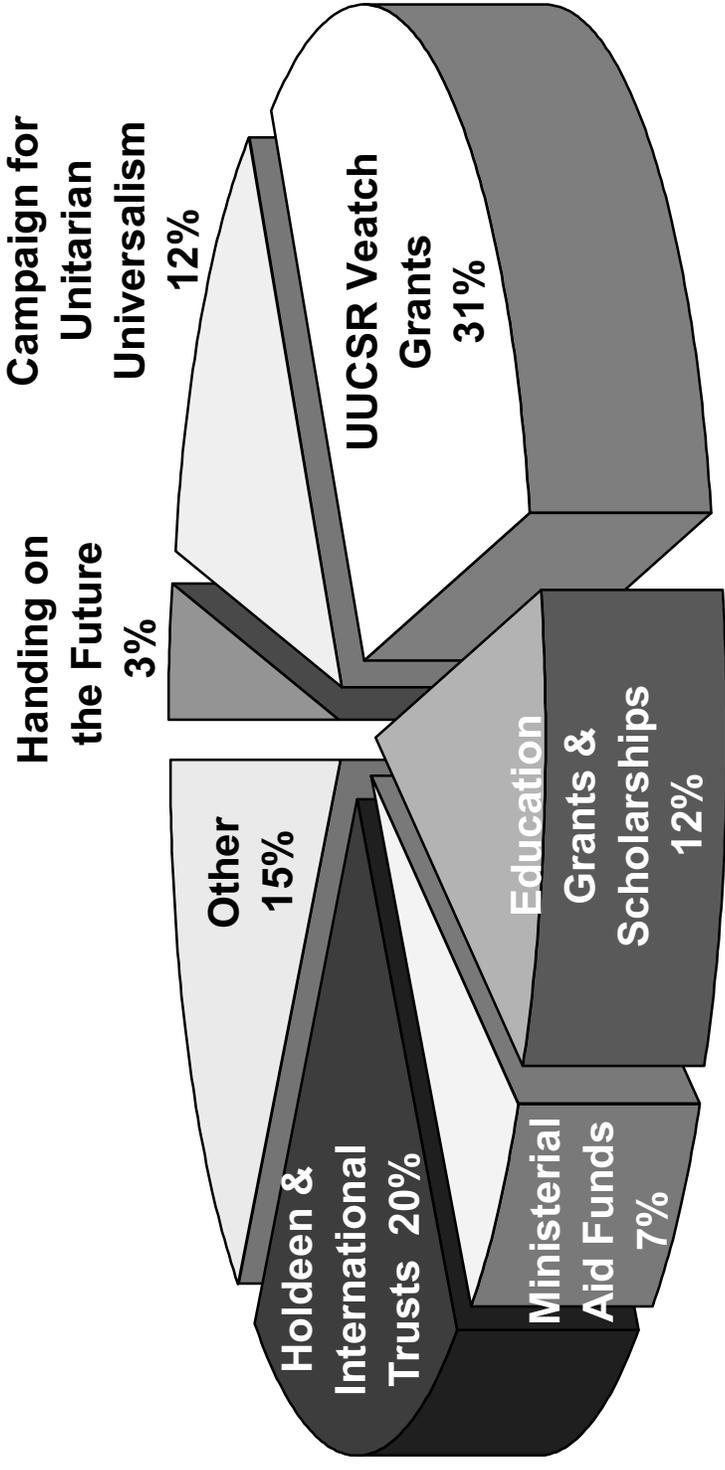
Income for Designated Purposes	\$ 6,617,628
Income for General Support	\$13,358,647

# FY05 Income for General Support: \$13,358,647



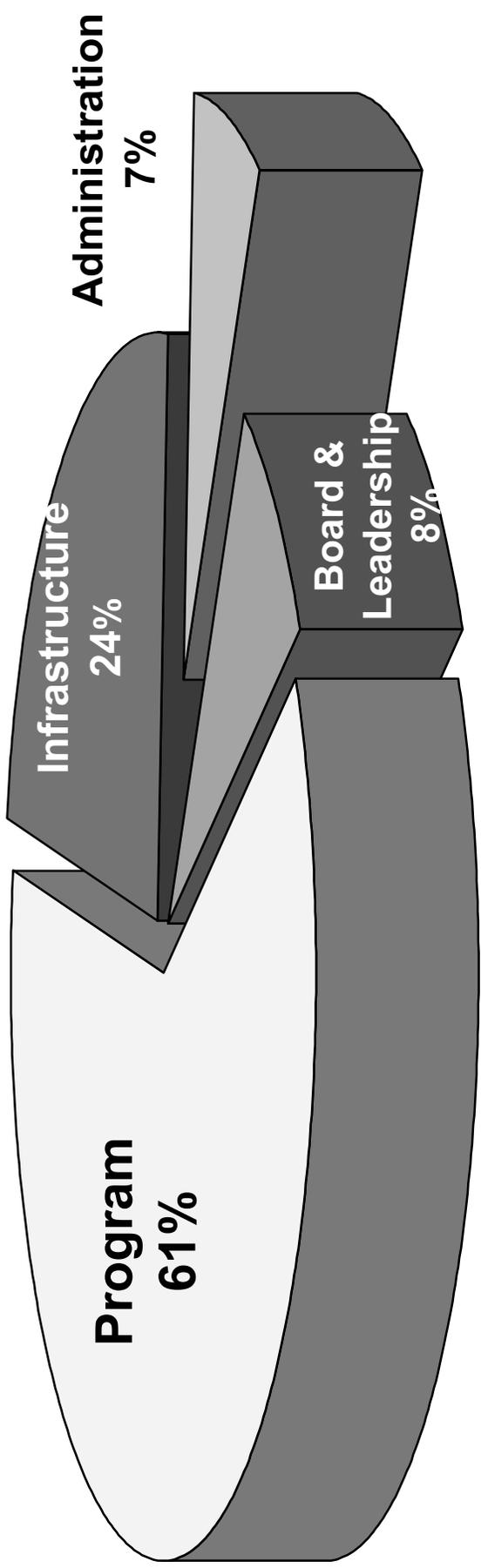
Other Services	\$2,747,975	APF	\$6,228,592
Admin. Fees	\$ 839,312	Friends	\$1,092,000
Investment Income	\$2,000,768	Bequest	\$ 450,000

# FY05 Income for Designated Purposes: \$6,617,628



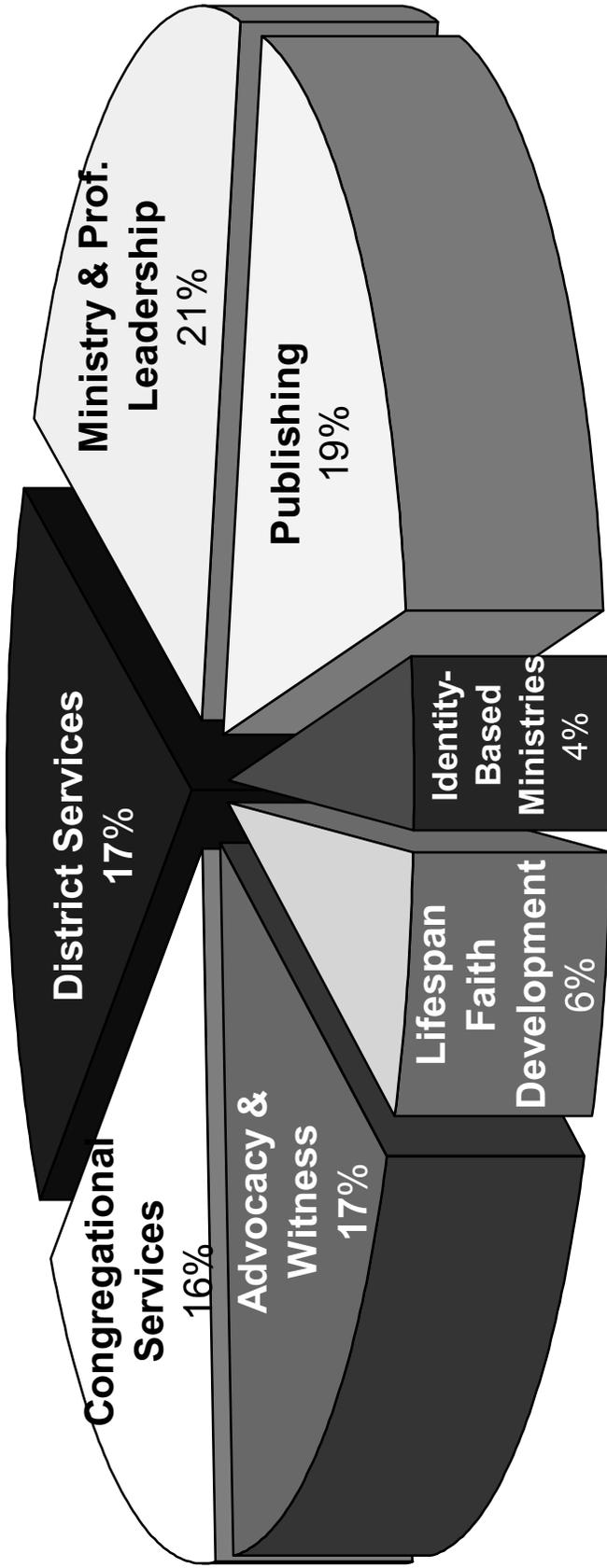
Other	\$ 972,840	Handing on the Future	\$ 216,447
Holdeen and International Trusts	\$ 1,336,469	Campaign for UU	\$ 828,592
Ministerial Aid Funds	\$ 450,000	UUCSR Veatch Grants	\$ 2,026,545
Scholarships	\$ 786,735		

# FY05 Total Expenditures: \$19,976,279



Program	\$ 12,184,306	Board & Volunteer Leadership	\$ 1,641,347
Infrastructure	\$ 4,652,263	Administration	\$ 1,448,363

# FY05 Program Expenses: \$12,184,305



Advocacy and Witness	\$ 2,022,776	District Services	\$ 2,044,693
Congregational Services	\$ 1,981,102	Ministry & Prof. Leadership	\$ 2,616,127
Lifespan Faith Development	\$ 734,943	Identity-Based Ministries	\$ 490,675
		Publishing	\$ 2,293,989

## COMMISSION ON APPRAISAL

“The first question which the members of the Commission of Appraisal decided must be answered...was whether the organized movement known as Unitarianism has any real function to perform in the modern world. If not, it would clearly be better to liquidate the present organizations and resources....”

These stunning words introduced *Unitarians Face a New Age*, the book-length report of the American Unitarian Association’s Commission of [sic] Appraisal. Created in 1934 by a resolution of the AUA at its annual meeting, the Commission was chaired by the Reverend Frederick May Eliot. In 1936 Eliot and the seven other commissioners presented a comprehensive evaluation of the current state of the denomination and an equally comprehensive series of specific recommendations for the reorganization of the AUA. Their work offered a bold vision and a program for the future. In 1937, Dr. Eliot was elected president of the AUA; the report became a blueprint for the resurgence of American Unitarianism during his 21 years as president of the Association.

With the consolidation of the AUA and the Universalist Church of America to form the Unitarian Universalist Association in 1961, new bylaws instituted an ongoing internal review process by establishing a standing Commission on Appraisal (COA). Its broad charge is to “review any function or activity of the Association which in its judgment will benefit from an independent review and report its conclusions to a regular General Assembly.” As a Standing Committee, the Commission’s nine members are elected by delegates to the General Assembly, it is funded from the UUA budget, and the President of the Association serves in an *ex officio* role. Members of the COA are traditionally denominationally active and institutionally committed individuals, taking seriously their responsibilities and attempting to be as objective and judicious as possible in both observations and recommendations.

Observing its charge, since 1961 the COA has delivered a major report approximately every four years, most recently *Interdependence: Renewing Congregational Polity* in 1997 and *Belonging: The Meaning of Membership* in 2001.

The current study began with the question, “Where Is the Unity in Our Theological Diversity?” Some see it as a logical continuation of the previous two reports, two aspects of ecclesiology. However, this topic is more explicitly religious in its focus as it seeks to address a fundamental and ongoing issue of religious liberalism. This is a time of increased appreciation for the value of diversity: What holds us together as a religious movement given the extent of our theological diversity? If we are a *religious* movement, shouldn’t we be able to articulate what we hold in common in *religious* terms?

This is a big subject and a provocative question. It is also timely. We’ve had unprecedented attendance and participation at every venue we’ve offered. Our GA workshops have been so full that people have sat on the floor and stood in doorways. Regional hearings have been well

attended and lively. We've found that preachers and ministerial study groups are grappling with these issues, as are a number of scholars. This past winter a survey sent to every congregation was completed and returned by well over one third of our societies. We've talked with representatives of the theological sub-groups and other constituencies within the UUA. We've garnered a wealth of information.

Now what? The next challenge for commissioners is to bring together all we have collected and learned and to distill its essence in a draft for publication. In just a few months we must develop a clear articulation of where we stand religiously as a movement at the start of the 21st Century, considering both our diversities and our unities while providing a picture of where we seem to be headed. We take very seriously the obligation to make meaningful recommendations for our common future.

It is and has been challenging work, and we are excited about the report we will present next year in Fort Worth. But from the beginning we have felt that, whatever the content of quality of our written report, we would accomplish a great deal simply by creating a substantial and thoughtful conversation on this subject, and in that goal we have already succeeded beyond our wildest expectations. And if we succeed in our intention, that conversation will not end with the publication of our report next year, but serve to extend and deepen it. We believe it needs to be a central and ongoing aspect of our common work, our religious life.

Respectfully submitted,

Earl K. Holt III, Chair; Joyce T. Gilbert, Vice Chair; Janice Marie Johnson, Secretary;  
James Casebolt, Project Manager; Orlanda Brugnola; Mark Hamilton; Manish Mishra;  
Tom Owen-Towle; Linda Weaver Horton

## **Report of the Ministerial Fellowship Committee to the General Assembly, 2004**

The Ministerial Fellowship Committee is one of the standing committees of the Board of Trustees, established by the bylaws of the Unitarian Universalist Association. The fourteen members include twelve persons appointed by the UUA Board of Trustees, including two members who are themselves Trustees, and two persons appointed by the UU Ministers Association. Eight members are clergy and six are lay members. The Committee has met three times during this year. We met once in Boston, once in Berkeley, and once in Chicago, to accommodate candidates from the three historically related Unitarian Universalist seminaries, Harvard Divinity School, Starr King School for the Ministry, and Meadville/Lombard Theological School, and from non-UU schools in the various regions of the country.

Our primary charge is the jurisdiction of ministerial fellowship, beginning with the credentialing of candidates for Unitarian Universalist ministry. The basic requirements for fellowship, which are established by the MFC, include an undergraduate degree and a Master of Divinity degree or their equivalent, a career assessment program, a unit of Clinical Pastoral Education, an approved internship, sponsorship by a UU congregation, and an interview with the MFC.

Over the course of the past year, we have interviewed sixty-nine candidates. As part of the interview process, candidates preach a brief sermon, and we discuss with them the findings from the required components of their preparation, listed above, and expect them to demonstrate required competencies by answering questions in those areas.

Although the majority of meeting time (and many hours of pre-meeting preparation) is engaged in candidate interviews, the MFC also grants renewals toward final fellowship, considers complaints and other possible disciplinary matters, and is engaged in constant review of its own processes and procedures. Committee members met with faculty at Starr King School for the Ministry and Meadville/Lombard Theological School to discuss areas of common interest and concern and invited the Rev. Dr. Stephen Ott, Director of the Center for Career Development and Ministry, for an hour of exchange of information and commentary.

The year began with a day devoted to a consultation on anti-racism and anti-oppression, facilitated by Paula Cole Jones and the Rev. Josh Pawelek. As a result of this very productive day, the committee developed a series of plans and “next steps.” Each meeting thereafter included progress reports on these plans. One immediate outcome was the addition of a process observer attending to anti-racism and anti-oppression issues.

A major focus of this year’s work was the continuing development of the proposal to redesign fellowship. At this writing, major proposed changes include

- the granting of preliminary fellowship for “preliminary fellowship in UU ministry” rather than for preliminary fellowship in a category of ministry;

- the use of the five competency areas of ministry defined by the UUMA Task Force March 2003 (pastoral, prophetic, teaching, practical arts, and worship) for all ministers receiving preliminary fellowship;
- awarding of final fellowship in UU Ministry as distinct from specialty recognition;
- and the expectation of a self-designed program for achieving competence in a specialty by the minister in preliminary fellowship. Recognition in a specialty by the MFC shall be ascertained: (a) through the minister's completion of a self-designed continuing education program, and (b) second renewal of preliminary fellowship as a UU minister and (c) the successful completion of an evaluative review of their knowledge, skills and performance by a Specialties Review Panel, to be recruited and monitored by the MFC.

The proposal is available on the web site (<http://www.uua.org/programs/ministry/mfc/>) and will be addressed at a number of workshops at this General Assembly.

Several new policies were adopted regarding waiver requests and other procedures; these can also be found on the web site. Candidates will now be asked to write a short reflection paper, as part of the packet, "explaining how your analysis of anti-racism, anti-oppression, and multiculturalism is reflected in your ministry." The Committee also adopted a plan to open portions of the business meeting to observers for consistent and published periods of time. The agenda for this portion of the meeting is posted on the web site in advance. The reading list for candidates is under review.

A thorough report from the Regional Sub-Committee on Candidacy Evaluation Panel, chaired by the Rev. Eugene Pickett, was received, and is posted on the MFC web site. It includes a number of recommendations.

This was the year for committee turnover; members leaving the committee in December were the Rev. Dr. Leslie Westbrook, the Rev. Dianne Arakawa, Les McGukin and Dr. James Robinson. Their contributions were invaluable and they are missed. In March, we welcomed new members the Rev. Geoff Rimositis, Dr. Paul David Wadler, Dr. James T. Brown, and the Rev. Dr. James Zacharias. Continuing committee members are the Rev. Dr. Mark Belletini (Vice Chair), Betty Bobo Seiden (Executive Committee), the Rev. Jory Agate (Executive Committee), the Rev. Dr. Carolyn S. Owen-Towle (convenor Process Working Group), the Rev. Dr. Stephan Papa (convenor Settlement Working Group and UUMA liaison), Abbey Tennis (convenor Candidacy Working Group), the Rev. Wayne Arnason (UUA Trustee liaison), Sue Stuke (UUA Trustee liaison) and the Rev. Ken Reeves (UUMA liaison). The Rev. David Hubner serves as Executive Secretary and we are ably supported by staff members the Rev. Dr. Michelle Bentley, the Rev. David Pettee, Griffith Bell and Christine May.

Respectfully submitted,  
Phyllis Daniel  
Chair

## **Report of the Religious Education Credentialing Committee To the General Assembly, 2004**

The Religious Education Credentialing Program was approved by the UUA Board of Trustees in January of 2003. In April of 2003, the UUA Board of Trustees appointed five of the seven members of the committee. The full committee will be composed of one Credentialed Religious Educator, Masters Level, one member nominated by the Board of the Liberal Religious Educators Association (LREDA), one Minister of Religious Education, one Parish Minister, and three Lay members. The committee has met twice. Our meetings are designed to coincide with gatherings of Religious Educators. We met in October in Sacramento, CA, prior to the LREDA Fall Conference, and in February in Madison, WI, prior to the Meadville Lombard Winter Institute.

Amendments to the By-laws of the Unitarian Universalist Association which will formally establish this credentialing program were approved by the UUA Board of Trustees and will be voted on at this General Assembly in June 2004. The primary charge to the Religious Education Credentialing Committee is the jurisdiction over religious education credentialing. Credentialing will be granted by the committee upon completion of the requirements established in the by-laws proposal and by the rules of the committee. Rules established by the committee are subject to approval of the Board of Trustees.

The committee met for the first time in October. This first meeting combined three elements, a committee orientation and training, anti-racism and anti-oppression training, and our regular committee work. Because we believed that our anti-racism/anti oppression trainers, Paula Cole Jones and Janice Marie Johnson, were highly qualified facilitators, we asked them to facilitate our first meeting to help us learn to apply our anti-racism/anti-oppression training to all the work that we do. The committee felt that this helped to strengthen our understanding of how to apply the specifics we had learned.

At this first meeting, committee members reviewed all of the material developed to that point to both familiarize us with it, and to revise and amend material when needed. Because the program is committed to equivalencies to most of its requirements, the committee spent considerable time discussing our understanding of equivalencies and developing guidelines. As part of our anti-racism/anti-oppression training we had sent surveys to several individuals suggested to us who were members of historically marginalized groups. The survey results provided us with information about how the program is perceived, and how accessible the program might be to individuals in these groups.

At our second meeting in February, we held our first interviews with credentialing candidates. This was as new a process to us as it was to the candidates and we learned a great deal and we are amending our procedures to make the process less cumbersome and stressful for everyone involved. We also reviewed several requests for equivalencies during this meeting. As we move through this process we are working to develop clear guidelines. As those guidelines are developed, they will be posted. Information about the Credentialing program as well as access

to forms, procedures, and guidelines can be found at <http://www.uua.org/programs/ministry/reco/recp.html>.

The committee members struggled from our first meeting with the titles of the various levels of credentialing. The titles “Level I”, “Level II”, and “Credentialed Religious Educator” did not clearly express to congregations or religious educators what such a credential meant. Neither was it clear that Level I or Level II were actually credentials. The committee discussed this at length, and proposed the new credentialing designations, “Credentialed Religious Educator, Associate Level”, “Credential Religious Educator”, and Credentialed Religious Educator, Masters Level.” We feel that these titles help clear up much of the confusion and make the program more credible with congregations and religious educators. This proposal was made to the Board of Trustees and will be incorporated in the by-laws changes to be voted on at General Assembly.

The committee also decided during our February meeting to invite a credentialed religious educator to be an observer during our future meetings beginning in October 2004. We also designed an opportunity at our next meeting for public comments. The committee will be presenting workshops at General Assembly and at the professional meetings prior to GA.

The current members of the committee are Gail Forsyth-Vail, Credentialed Religious Educator; the Rev. Betty Jo Middleton, Minister of Religious Education; the Rev Kirk Loadman-Copeland, Parish Minister; Liz Jones (Chair), LREDA nominee; and two lay members, Sue McGovern (Vice Chair) and Kathryn Warrior. The committee is still awaiting the appointment of the third lay member of the committee. The committee feels strongly supported by the Ministry and Professional Leadership staff. The Rev. Beth Williams, Religious Education Credentialing Director, meets with the committee and works directly with all participants in the credentialing program. Her administrative skills provide the foundation upon which the committee can work. The Rev. David Huber, Director of Ministry and Professional Leadership meets with the committee and provides us with needed background and insights that our new committee needs. Emily Farbman, Religious Education Credentialing Assistant, has taken wonderful minutes of our meetings and kept track the many details that allow us to function.

Respectfully submitted,  
Liz Jones  
Chair

## UNITARIAN UNIVERSALIST UNITED NATIONS OFFICE

### REPORT TO GENERAL ASSEMBLY

June 2004

Along with the increased criticism and publicity of the United Nations, the UU-UNO has grown its support and participation in our work at the UN. Our office membership has increased. We obtained 59 day-passes for UU people wishing to attend DPI/NGO Briefings in the Dag Hammarskjold Auditorium at the UN. Significant additions to our Board of Directors are David Finch, UU White Plains and Jo Shute, UU Westport.

This year, we trained eleven volunteer interns in global perspective and the writing of research papers on UN issues. Many articles in our newsletter, *Windows on the World*, were authored by interns. Two interns were speakers in congregations for their UN Sunday Services.

We had fifteen representatives attend the DPI/NGO conference in September "Human Security and Dignity: Fulfilling the Promise of the United Nations. Later in the month, with the Faith and Ethics Caucus, we hosted a well-attended workshop "Religious Persecution and the International Criminal Court. In October, our project person, Professor Richard Ford led a small team to the Philippines to start our Global Partnership program which we are doing in conjunction with the UUPC. To date, the village of Mato Bato has a well and is busy building an elementary school. In November, we co-sponsored the important program, "What Future for the United Nations" presented at Seton Hall University School of Law. During Christmas, the office hosted a holiday party for interns from the Church Center and the UN. A jolly time was had by 60 committed young people from around the world, who brought food and fun to share with each other.

In February, we hosted our new colleagues from The Hague, Centre of Justice and Reconciliation, for participation in an experts meeting on restorative measures for victims testifying at the ICC. March brought the UN conference, The Commission on the Status of Women. We had seven delegates. For the first time, the conference included some mens' groups focused on men's role in violence against girls and women. This inclusive step made the conference better than ever before.

The title of our Intergenerational Spring Seminar was "The UN: Our Global Conscience Protecting Human Rights to Life, Liberty, Security". Almost one hundred attendees came from the US and Canada. Forty were Youth and their Advisors.

The UU-UNO has attained affiliate status with the CUC. The UU-UNO is a member of the Faith and Ethic Caucus, the Ecumenical Working Group, The Task force on Iraq, the Task Force on Israel and the Center for UN Reform Education.

Respectfully submitted, Rev. Francis Mercer, Executive Director UU-UNO



**UUA REPRESENTATIVE TO THE UNITED NATIONS  
JANUARY-JUNE 2004**

In UN parlance, the UUA is a non-governmental organization, or “NGO”. The UN accredits NGOs who want to participate in UN Summits, Conferences and Briefings. About 1300 NGOs are presently accredited in the UN Department of Public Information and the Economic and Social Council. The UUA has delegates to many of these forums. As well, the UUA is able to submit position papers to UN Committees. This spring, we sent a position paper on Human Rights to UNHCR drafted at the UU-UNO Intergenerational Seminar.

In the fall, the UUA with eleven other NGOs, co-sponsored a Seminar at Seton Hall Law School “What Future for the United Nations”. In March, we sent five attendees to the commission on the Status of Women which was larger than ever before. It included men NGOs for the first time. These men are sending trainers into armies, trade unions and boys elementary schools to gain better understanding of the problem. Secretary Kofi Annan opened the program and focus was devoted to Women and HIV/AIDS.

Respectfully submitted, Rev. Francis Mercer, UUA Representative to the UN





# Protecting and promoting human rights worldwide

UUSC 2003 - 2004 HIGHLIGHTS OF THE YEAR

## “The power of you & you”

### *A message from our president*

It was election day in Guatemala. There were thousands of people lined up at polling tables in the schoolyards and plaza of the county seat in Rabinal. One voter was quite distinct because she had an armful of white lilies; not only was it election day, it was also Sunday, the traditional market day in rural Guatemala.

Several hours later when I saw her again across town in another line, I stopped to ask what had happened. When she had finally reached the polling table, she explained, they found an irregularity with her registration and directed her to the Registrar's Office. There, too, the line stretched around the block. By mid-afternoon she had a new registration, but it wasn't until dusk when she finally voted. In awe of her perseverance, I congratulated her and asked what motivated her. She said quite simply, "Because we are determining the future of our country today."

*continued on next page*

For 65 years, the Unitarian Universalist Service Committee has been a powerful voice for justice and human rights in the United States and around the world. Through the turmoil and brutality of the Holocaust, World War II, the civil rights movement, the Vietnam War and the rise of the radical right in the 1980s and 1990s, we have stood firm against oppression, fighting for dignity and justice for all people.

Today, 25,000 strong, UUSC's members, supporters, volunteers and staff remain committed to the cause of freedom and democracy. We bear witness to the struggle against the abuses wrought by militarism, fundamentalism and intolerance, working to restore the rights of oppressed groups and communities. And we bear witness to the struggle against U.S. unilateralism and in support of efforts to protect civil liberties and the rights of women.

UUSC is building a community of human rights defenders throughout the world, people committed to advancing the rights of women; defending the rights of children; and protecting the rights of oppressed racial, ethnic and indigenous groups. Working together, each one of us has the power to change the world.

### **Strengthening our commitment to justice**

Through our work with program partner organizations in Central Africa's Great Lakes Region, Latin

America and the Caribbean, South and Southeast Asia, and the United States, UUSC provides support for community leaders seeking solutions to human rights issues at the local level. Through our advocacy, we work with our members and supporters to urge U.S. legislative leaders to make the policy changes necessary to advance the cause of social justice at the national and international levels. And we support humanitarian aid during disasters where human lives as well as human rights are threatened.

This year, under the guidance of our new president and CEO, Charlie Clements, we conducted a thorough review of our program priorities. This refocus of our programmatic work will enable us to strengthen our commitment to defending human rights in those places where we can be most effective.

Our Unitarian and Universalist founders believed in the inherent worth and dignity of all. Guided by

*continued on next page*



**Unitarian Universalist  
Service Committee**

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## **A message from our president**

*continued from page 1*

She and hundreds of thousands of other Guatemalans of Mayan descent walked to the only place in rural counties where they could vote because a former military dictator had monopolized all the public buses and trucks that day to transport his own supporters to the polls. Despite many efforts to intimidate these same Mayan villagers, and the threat of more violence by the dictator's supporters, he lost his election bid, lost his immunity as a public official, and has since been indicted in a Guatemalan court.

It has taken more than a half century for the promises made in another court to begin to be realized around the world. It was in Nuremberg that judges determined there are acts so heinous that they are not only crimes against the victims, but crimes against all humanity. Such crimes have universal jurisdiction and no statute of limitations.

A lead plaintiff in the Guatemalan case is a UUSC program partner, the Association for Justice and Reconciliation. It is one of many organizations around the world that UUSC supports as they struggle to fulfill the hopes first articulated in the Universal Declaration of Human Rights just after World War II. Justice may not yet be flowing like water as in Amos' prophesy, but there are trickles in Guatemala, there are trickles in Burma, and there are trickles in Rwanda.

Seeking justice requires patience, courage and resources. As you will see in some of our new materials, the Service Committee believes it also requires the "Power of You & You." The pursuit of justice is not something that can be done by individuals, nor accomplished by congregations, nor by an organization like UUSC. Rather, it is work done by the joining hands of many communities in partnership, each contributing something unique.

When I say "seeking justice requires resources," I am not thinking only

about your financial contributions. We also need your passion, your activism and most importantly, your belief that as the flower slowly turns toward the sun, history ultimately bends toward justice and the arc of the universe toward life.

I am glad to be at the Service Committee in large part because of the "Power of You & You." It is why we are engaged in our multi-faceted Defending Democracy effort to encourage voter registration, get-out-the-vote, and issues education. Like the Guatemalan woman, we must believe that we are determining the future of our country this November.

Unlike the Guatemalan election, however, each vote will also determine what happens in much of the rest of the world. You are not voting only for yourself, but on behalf of many people whose lives will also be affected by the outcome of this election.

  
UUSC President and CEO

*continued from page 1*

these principles, it can be a simple act to believe that human rights should be protected and promoted.

But it is no simple act to advance the cause of justice in the world. We rely on our network of 25,000 members and supporters, which allows us to extend our reach in defending the interdependent web of which we are all part.

While our nation's policy-makers focus much of their attention on the wars on terrorism and in Iraq, UUSC works constantly to shift focus onto other pressing priorities.

Whether it is monitoring elections in Guatemala, supporting pro-democracy advocates in Burma or fostering voter participation among youth in the United States, UUSC remains committed to protecting and promoting human rights worldwide.

### **Women cast votes for change**

With support and resources, women can be powerful leaders for human rights in their community. By strengthening the rights of women, we can help communities can survive and thrive.

In November 2003, a delegation from UUSC that included staff, UUSC

members and a congressional staff aide went to Guatemala to monitor their presidential election. The human rights community watched this election closely because of the candidacy of a reviled former military dictator who had been accused of genocide and other heinous crimes. His campaign of fear targeted the indigenous communities of Guatemala, many of which had suffered greatly during massacres carried out against them in the 1980s.

On the day of the election, UUSC delegation members witnessed as indigenous women walked, some for many hours and many miles, to the

only polling place in the county. Some came with babies strapped to their backs, others carrying what they would sell at market that day. They waited hours just for the chance to vote.

UUSC understands the importance of mobilizing women to participate in elections. Our program partners in Guatemala have worked for many years on increasing civic participation among women, providing human rights, leadership and citizenship training, and empowering local women's organizations.

Our program partners around the world understand the vital importance of women's civic participation. As wars in the Central African countries of Burundi and the Democratic Republic of Congo have claimed millions of lives, women are left shouldering hefty responsibilities as heads of families. There, UUSC supports training for women in peace-building, women's rights and conflict resolution.

### **Developing the next generation of activists**

By investing in the future of youth and young adults of any country, UUSC believes that we are investing in the future well-being and prosperity of that nation. Not only do we see the value of investing in our youth, we understand the importance of teaching them to invest in their own futures, as well.

In Central Africa, where more than 20 percent of children do not live to see their sixth birthday, we support efforts to bring peace to this war-torn region. Courageous program partners such as People's Group for the Support and Advancement of Women's and Children's Rights work to counteract the effect of wartime

violence on children. Through increased access to good health care, education and nutrition, these children may grow to be the leaders of tomorrow.

Every four years in the United States, we have the power to radically alter the future of our nation during our own presidential elections. Inspired by what we witnessed in Guatemala and in other nations that have fought for the right to democratically elect their leaders, we are committed to combating the increasing cynicism and marginalization that keeps voters – especially youth and young adults – away from the polls in our own nation.

In the last four presidential elections, the eligible youth who did not vote could have altered the results of the election in either direction. With this in mind, we created Defending Democracy, an initiative to engage our members and supporters – in particular young activists – in voter education, registration, advocacy and skills training. By the November 2004 elections, young activists will have participated in several aspects of Defending Democracy, including a voter registration training during Alternative Spring Break.

In the United States, we urge youth and young adults to be actively involved in advocacy efforts. By participating in UUSC programs such as What's Your Profile? and Defending Democracy, they can learn about issues such as racial justice and electoral activism. This year, more than 200 young activists have visited UUSC with their youth groups. They are briefed on pressing human rights issues including U.S. policy towards Cuba, the oppressive situation in Burma and fair trade. The groups then call or write letters,

directly urging their members of Congress to take action.

### **A multi-pronged fight for justice**

Throughout many of the world's communities, indigenous and ethnic groups have borne the brunt of tyranny, oppression and war.

In Guatemala in the 1980s, two military dictators conducted campaigns of horror and genocide against the indigenous Mayans, leaving their communities decimated. UUSC program partners have worked with indigenous activists to promote participation in the process of democratization and the consolidation of peace.

The people of Burma have endured a brutal military regime for decades. They have been subjected to many violations, including murder, torture, rape and displacement from their land and homes.

The work of UUSC's program partners along the Thai/Burma border is part of a multi-pronged approach to providing support for the Burmese people who have fled for their lives to camps along the border. Our program partner, the Mae Tao Clinic, provides much needed health and other human services to displaced persons. Another partner, the Karen Human Rights Group, works to document abuses with the hope of one day bringing the perpetrators to justice.

Our work for democracy in Burma is a strong example of the importance of approaching a human rights issue from many angles. In order to help the people of Burma achieve their goal of democracy, we work with our members and supporters to write

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# The power of our membership

UUSC alone cannot fight injustice throughout the world. But with the power of our 25,000 members and supporters, we can.

In October, a group of 15 participants in a Just Works workcamp experienced firsthand the unique issues faced by those who live along the U.S./Mexico border. The On the Border workcamp, conducted in partnership with another organization, BorderLinks, was a truly international experience for our workcamp participants. They examined the economic realities faced by families along the border, visited the U.S. Border Patrol, and stayed in the homes of Mexican families in Nogales, Mexico.

Our members and supporters put their values into action through participation in UUSC programs such as Just Works workcamps, the Free Speech Project and the Coffee Project. This year, recognizing the crucial role of advocacy in the effectiveness of our programming, we established the Human Rights Defenders, a network of members and supporters who want to advocate for a particular issue or region. This program has the potential to expand significantly our capacity for affecting change.

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## Become a human rights defender

In these critical times, let UUSC help you put your values into action. We are uniquely positioned to be a UU voice protecting and promoting human rights and social justice.

The success of our work relies on partnership. As we work in partnership with human rights defenders in the United States and around the world, we must also work in partnership with human rights defenders in our own communities. We invite you to participate actively by joining our Human Rights Defenders advocacy network, attending a workcamp or becoming a media volunteer.

Human rights defenders around the world are counting on you to join in the essential work of protecting and promoting justice.

Visit our website at [www.uusc.org](http://www.uusc.org). Sign up to become a Human Rights Defender and to receive monthly e-mail updates on social justice issues from around the world.

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*continued from page 3*

letters to their members of Congress, support the boycott of Burmese goods, and urge President Bush to bring the matter before the United Nations.

We have also joined another colleague, EarthRights International, which has sued corporations under the Alien Tort Claims Act. The suit, *Doe vs. Unocal*, seeks to hold the U.S. company Unocal accountable for human rights abuses committed as part of its project to build a gas pipeline in Burma.

## When human rights are threatened during a disaster

UUSC responds to disasters where human rights are threatened. Our members and supporters look to us to provide leadership during disasters where the human rights situation is so grave that we could not possibly stand by.

As the war on terrorism continues, UUSC is addressing the human rights needs of those in Iraq and Afghanistan. Although UUSC does not have program partners in Iraq, we are working through Oxfam America and the All Our Children consortium to assist children who are vulnerable during the ongoing conflicts. Activities include reuniting children with families, and providing food, shelter and medical care.

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UUSC's program partner, Women for Women International, opened an office in Iraq in response to the conflict. We are supporting them in delivering aid, leadership education and income generation services to more than 2,000 women. In Afghanistan, our program partner, the Afghan Women's Network, continues to work toward building the capacity of women to take an active part in the rehabilitation and reconstruction of that country.

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## Investing in human rights

The Service Committee's work for human rights and social justice depends on the generous contributions of individual members, congregations and foundations. We value the independence that your gifts make possible. We accept no funds from any government or government organization. Your gifts enable us to identify and assist partner organizations in the United States and around the world.

We are deeply grateful for your support – for your “investment” in the Service Committee. You make possible our work of protecting and promoting human rights.

Warren Salinger, who served 20 years as UUSC's Director of Development until his retirement in 1989, has been visiting supporters as a UUSC representative. In March, he met with Helen and John Tryon of Boulder City, Nev. Warren writes, “When I started to thank them, profusely, for their generosity, John cut me short and said: ‘It isn't generosity – it's an investment in something we care about deeply.’ ”

We are deeply grateful to the Tryons and the many other members whose gifts – investments – sustain our work.

Members of the UUSC Board of Trustees, the Volunteer Network, and the Ambassadors Council are instrumental in our fund-raising efforts. Our thanks to them for their gifts and their hard work.

The Service Committee is particularly grateful to the Unitarian Universalist Congregation at Shelter Rock in Manhasset, N.Y., for their contribution of \$675,000 in FY04 to match unrestricted gifts of \$60 or more. Their ongoing support has strengthened our work for many, many years.

The current year has been a very good year for our fund-raising efforts. Response to our appeal letters is up more than 65 percent over FY03. This is a clear indication of the excitement and confidence our members and supporters feel towards UUSC's new leadership and program direction.

Guest at Your Table 2004 is proving to be the most successful in our history. Preliminary results indicate that we will see 10 percent growth over FY03.

As of April 15, 2004, with three months left in the fiscal year, four (4) new life income planned gifts were established in FY04, totaling \$85,000, both as charitable gift annuities and gifts to the pooled income fund.

We are grateful for the support of the following foundations which made grants to UUSC in FY04:

- The Peierls Foundation, Inc.
- California Community Foundation
- The Adelard A. and Valeda Lea Roy Foundation
- Pond Foundation
- Tides Foundation
- The Sister Fund

Our thanks to all of the individuals, congregations and foundations that continue to make our work possible.

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### UUSC mission statement

Grounded in the Unitarian Universalist principles that affirm the worth, dignity and human rights of every person, and the interdependence of all life, the Unitarian Universalist Service Committee is a voluntary, nonsectarian organization working to advance justice throughout the world.

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Unitarian Universalist Service Committee  
*“The Power of You & You”*

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**Unitarian Universalist Women's Federation**  
**25 Beacon Street • Boston, MA 02108**  
**617-948-4692 • uuwf@uaa.org • www.uaa.org/UUWF/**

**General Assembly Report**  
**May 2004**

Well, it is that time of year again when you have the opportunity to catch up with the Unitarian Universalist Women's Federation . . . time to sum up our work since last we met in Boston for General Assembly.

The biggest news of the year is our exploration of what restructuring would look like for the UUWF. We formed a Restructuring Task Force in October 2002 consisting of current Board members and past UUWF presidents. We asked them to bring us a vision of a new UUWF . . . what it would look like and what would be its mission. The Task Force wrote and submitted a grant proposal to the Fund for Unitarian Universalism and received \$15,000 to survey our members and other UU women, to ask them what they liked about the current UUWF and what our future would look like to them.

UUs not being shy, we got lots of answers and ideas. The Task Force brought to the UUWF Board in January 2004 a plan for a restructured and re-visioned UUWF. It is an exciting plan, and we are moving forward with it. The Board will downsize to five members, and a Grants Panel will be formed. We will start to make grants from the interest of the endowment instead of funding an administrative structure. We want to make the money work for women . . . and all UU women will have the opportunity to participate.

To implement this plan, we have called a special meeting of UUWF members on Saturday during General Assembly, with no registration fee and off the grid so as many women as possible can attend. The Board and the Task Force will present the plan and we will vote. I hope that by early evening on Saturday the new UUWF will begin to accomplish some of the most challenging work the organization has ever envisioned.

This was also the first full year of funding the UUWF Clara Barton Intern for Women's Issues in the Washington Office of the UUA. We are much closer to our fundraising goal, and many women's groups have taken the challenge to support this effort. An artistic sculpture to honor donors is under construction. Upon completion it will be installed in the Washington Office, with the names of those who have given \$1,000 or more permanently engraved on the piece.

In April, we were major supporters financially, spiritually and physically in the Washington, DC, March for Women's Lives in support of a woman's right to choose. And last but not least, we will have five exciting programs at this General Assembly.

This is my final report for the UUWF, as I am finishing up six years on the UUWF Board — three as Treasurer and three as President. They have been challenging years in the life of the UUWF, and we committed ourselves to making the tough decisions needed to make radical change. I believe we are an outstanding example of how an organization takes a hard look at itself and then moves in a new direction. We have 40 years of exciting history behind us, and unlimited possibilities for our future.

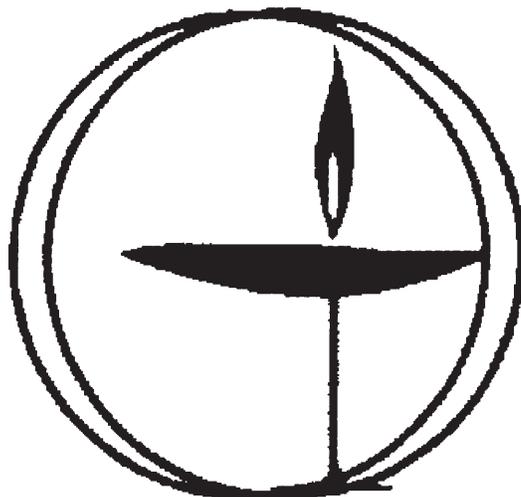
In faith,

A handwritten signature in black ink, reading "Joseph A. McOffery". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

President UUWF, 2001-2004

# Financial Advisor's Report to the 2004 UUA General Assembly

Long Beach, California  
June 26, 2004



Lawrence R. Ladd  
UUA Financial Advisor  
<http://www.uua.org/TRUS/financial/>

*“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.”*

-Advice from a long-time UU leader in 1996





Unitarian Universalist Association of Congregations

## Report to the 2004 General Assembly

Long Beach, California

June 26, 2004

**Larry Ladd, UUA Financial Advisor**

It is my pleasure to submit to you my seventh annual report. The Financial Advisor is a **volunteer** position elected by the General Assembly to serve as your best assurance that the UUA is behaving in a fiscally responsible manner. The Financial Advisor provides the President, Board of Trustees, & General Assembly with an **independent** and **expert** evaluation of financial issues and the fiscal health of the UUA. The Financial Advisor also recommends changes that will improve the quality of fiscal planning and management of the UUA<sup>1</sup>. First elected in 1997, I am serving my second and final term which ends in 2005.

The Financial Advisor's responsibilities are carried out *in the public arena* of committees, boards and assemblies. They are also conducted *behind the scenes* in private conversations with the UUA administration and individual leaders. The public arena is particularly important for UU congregations, General Assembly delegates, and UUA trustees in the fulfilling your fiduciary responsibility. The private sphere is equally important, where most concerns are resolved and more risks are taken in examining ideas and options.

For extensive information about the UUA's finances, refer to the Financial Advisor's website at  
<http://www.uua.org/TRUS/financial/>

My own approach to financial planning and management is outlined in the "Standards for Financial Performance" which I gave to the Board of Trustees just prior to my election in June 1997 and which is attached at the end of this report<sup>2</sup>. That approach is a result of both my professional experience and my denominational service<sup>3</sup>.

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<sup>1</sup> Information on UUA bylaws relating to financial matters can be found at <http://www.uua.org/ga/bylaws.html#Section%2010.1>.

<sup>2</sup> To see the "Standards for Financial Performance" on line go to [http://www.uua.org/ga/ga98/financial\\_standards.html](http://www.uua.org/ga/ga98/financial_standards.html).

<sup>3</sup> Currently the practice leader for consulting services to higher education and not-for-profit organizations for Grant Thornton LLP, the fifth largest accounting and consulting firm in the U.S. Prior experience includes Director of Budget & Financial Planning for Harvard University, Chief Financial Officer of the Woods Hole Oceanographic Institution, and Dean of Administration of Tufts University, as well as service as a board member and financial consultant for foundations and universities. Denominational experience includes service as

At each meeting of the UUA Board of Trustees, I provide a report on the financial health of the Association and the current issues that I consider important for the Board to consider. Those reports, in PowerPoint slides, are posted immediately after the Board meetings on the UUA website on the Financial Advisor section ([www.uua.org/TRUS/financial](http://www.uua.org/TRUS/financial)) and the Board of Trustee section ([www.uua.org/TRUS](http://www.uua.org/TRUS).) The Financial Advisor section also includes other information about the UUA's financial condition over time.

I am especially grateful to Jerry Gabert, the UUA Vice President for Finance and Treasurer, for his good work on behalf of the Association. The Vice President for Finance is the staff person responsible for the day-to-day oversight and management of the UUA's financial affairs.

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chair of the Distinguished Service Award Committee, as a member of the Commission on Appraisal and the Connecticut Valley District Board, as a board member and treasurer of the Church of the Larger Fellowship, and as a former President of Liberal Religious Youth (predecessor of YRUU).

## **Growth and Financial Health**<sup>4</sup>

The most important quantitative indicators of the vitality of our movement are our growth in numbers and in financial generosity. As a result, I pay close attention to what our congregations report each year regarding their adult membership and RE enrollments and the size of their own budgets. I also pay attention to the giving levels of our congregations (and individuals) to the larger movement.

### *We Continue to Grow, But Slowly*

While our religious movement has experienced slow but steady growth since 1982, **in 2003 we did not grow**. The figures I present below are UUA statistics excluding Canadians.

In 2003 our combined adult membership and RE enrollment was 212,865 compared to 212,783 in 2002.

While our totals were flat, **our adult membership grew while our religious education enrollments dropped**.

Adult membership increased to 153,165 or 0.7% (consistent with annual growth patterns since 1982). However, religious education enrollments decreased to 59,700, a drop of 1.7%.

Religious education enrollments decreased from 2000 to 2001, increased from 2001 to 2002, and decreased again from 2002 to 2003, while our adult membership continues to grow.

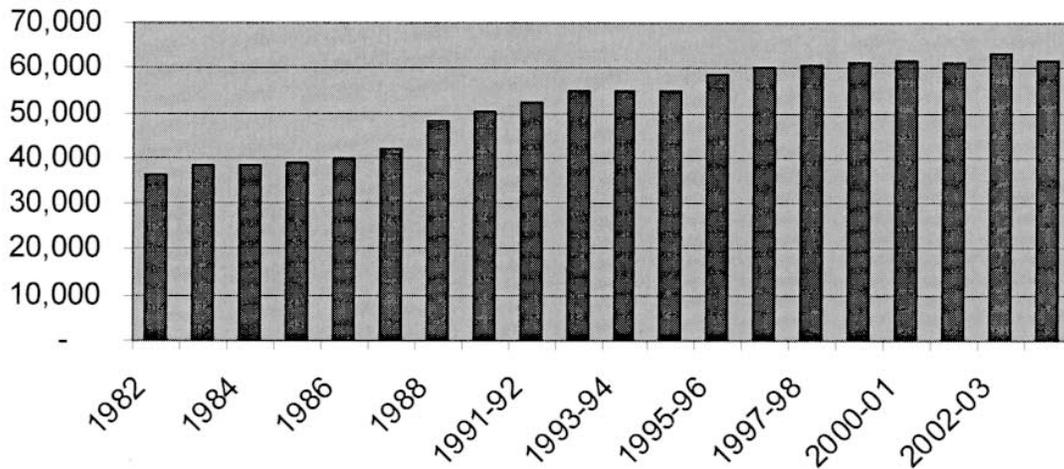
For three years in a row I have written in this report that the declines in religious education enrollments should be “a warning signal for our movement.” In my report in 2002 I wrote: *“We need to identify the causes of the slowing growth in religious education enrollments. Is it that our adult membership is aging? Is it that we are becoming less successful in attracting young families and single parents? Is it other factors? Most importantly, this indicator likely predicts a decline in adult membership in the near future.”* For the second year in a row, I regret to report that, to my knowledge, there has been no serious discussion within our movement about the implications of this regrettable development.

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<sup>4</sup> For statistical information on the UUA see <http://www.uua.org/statistics.html>.

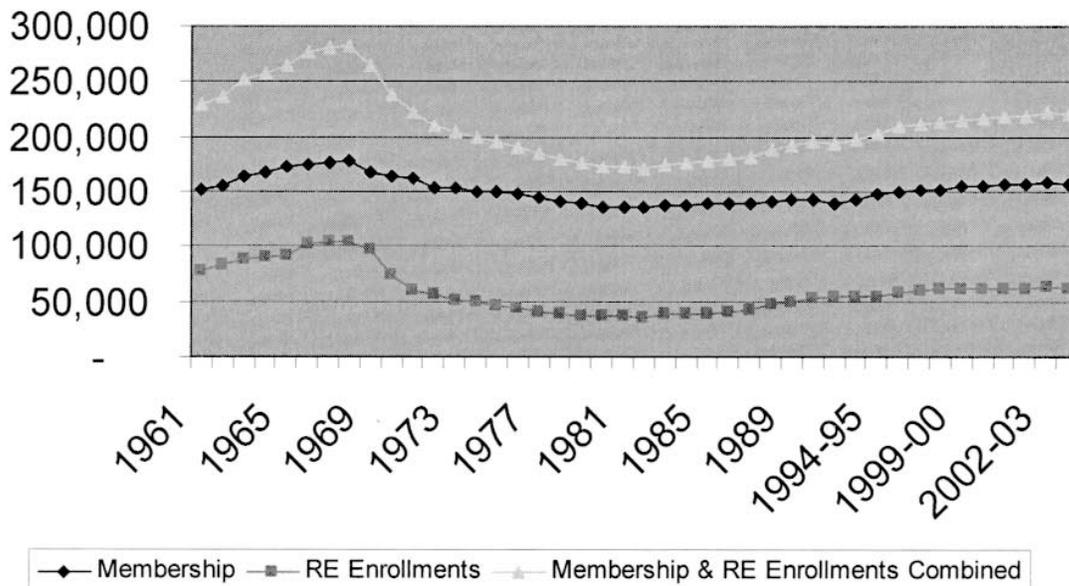
The chart that follows shows how our RE enrollments have flattened out in recent years:

## RE Enrollments Have Levelled Off



The next chart shows the overall trends since the consolidation that created the UUA in 1961. From every indication, our adult membership and RE enrollments were inflated in the 1960s based on the ways we counted at that time. Even so, on balance the trends shown in the following graph are true. Overall, our community of faith grew in the 1960s, shrank in the 1970s, and began to grow, gradually, starting in 1982.

## Membership & RE Enrollments

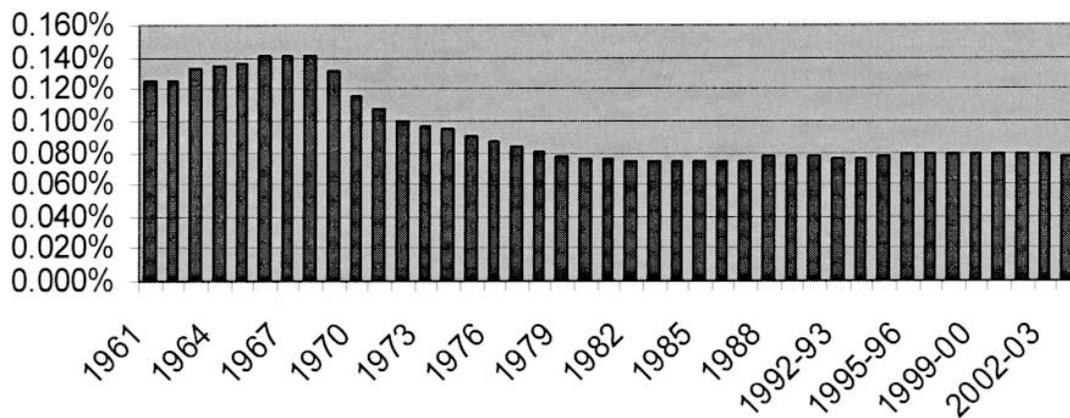


### *Market Share Has Not Changed*

Absolute numbers are important, but so is “market share,” i.e. whether our community of faith is growing as a proportion of the total population.

**Our market share has stayed constant at 0.08% of the population for the past seven years.**

## Combined Membership & RE Enrollment as % of Population



### *Growth in congregational resources:*

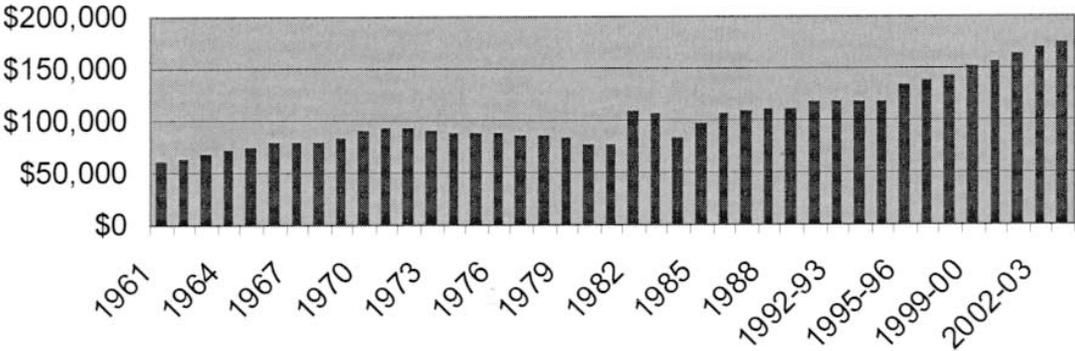
One indicator of the health of our movement is the financial health of our congregations. Each year, congregations report to the UUA the size of their congregational expenditures or resources.

In 2003, congregational expenditures reached \$182.6 million. In real terms (taking out the effects of inflation) that's

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

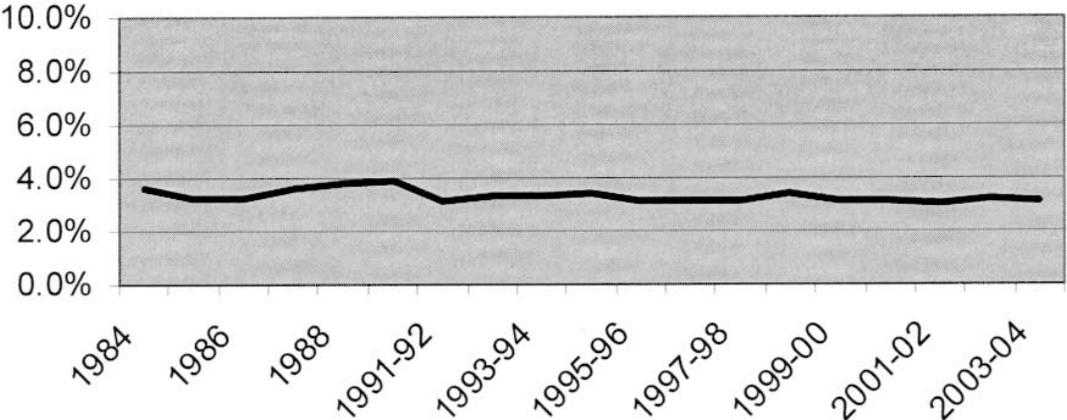
While total congregational resources is an important indicator, it is more important to consider the size of *individual* congregational resources. The graph that follows shows the average congregational resources *per congregation* after inflation. **Individual congregational financial health has been growing since consolidation in 1961 and has grown particularly dramatically starting in 1984.**

## Congregational Expenses per Congregation in 2003\$



Congregational giving through APF has remained remarkably constant as a percentage of congregational budgets, at least since 1984 (as far back as I made the calculation). As the following graph indicates, APF giving has consistently hovered just under 4% of congregational resources:

## APF as % of Congregational Expenses



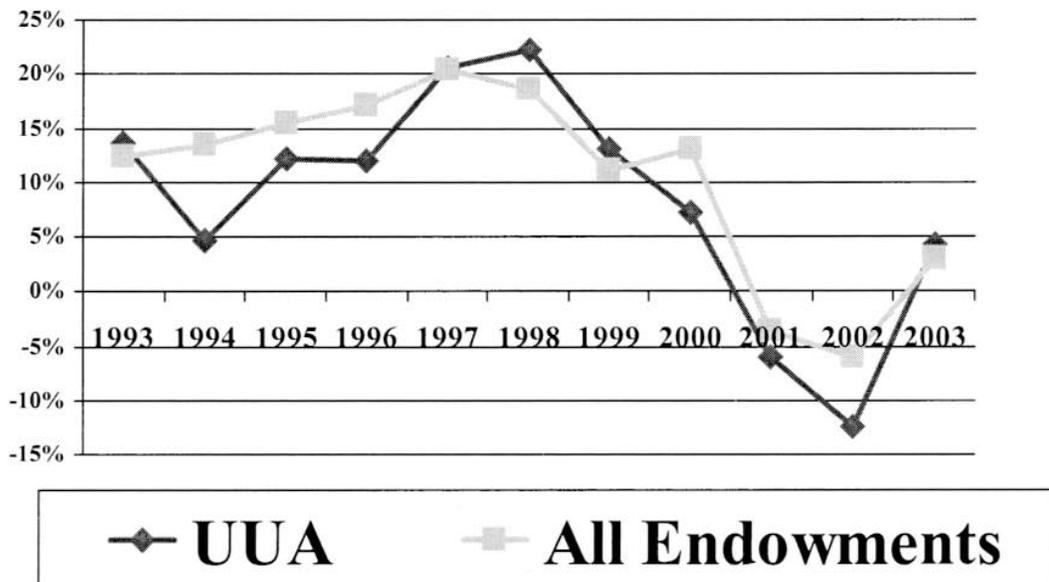
## Endowment<sup>5</sup> Performance<sup>6</sup>

After three years in which endowments, pension funds, and most individual portfolios have been losing value, the market turned around in 2003 and the UUA's endowment investment performance reflected that turnaround. The positive results for the UUA were also the result of a revision by the Investment Committee in the management structure and asset allocation of the UUA endowment.

The UUA's endowment performance for FY2003 was 4.2%. The average performance of the universe of endowments that year was 2.9% and of endowments our size was 1.9%.

Here is a chart that shows the UUA's investment performance compared to other endowments:

### UUA Endowment Investment Performance



<sup>5</sup> The UUA endowment is called the General Investment Fund, or GIF.

<sup>6</sup> For information on the UUA endowment's investment performance go to:

<http://www.uua.org/finance/invdata.html>. For the UUA's investment policies and guidelines go to <http://www.uua.org/finance/invguide.html>.

**Invested Non-Endowment Funds**

In addition to the endowment, there are other funds that exist for the benefit of Unitarian Universalism and you should be aware of those funds. Some of these funds are embedded within our audited financial statements but may be difficult to identify under generally accepted accounting standards. Others of these funds are not included in our audited financial statements. Particularly because some of the recent corporate scandals involved financial assets that were not sufficiently transparent to shareholders, I have added this new information to my report this year.

The funds in the chart below are all included in the Association’s audited financial statements except for the Liberal Religious Charitable Society (LRCS). In the case of LRCS, income from those funds is reported in the financial statements but the fund balance or principal is not reported.

Name of Fund	Purpose or Role	Amount	Investment Manager
Holdeen Master Trusts	Permanently restricted, some used for India Program and some for UUA program support	\$30.9 million as of 3/31/04	Wachovia Bank, Philadelphia Trustee
Master Outside Trusts	Principally for UUA general purposes. Held in perpetuity	\$18.6 million as of 3/31/04	Various trustee banks.
Charitable Trust Funds	Planned gifts to the UUA	\$10.2 million as of 3/31/04	State Street Global Advisors Co-Trustee
Liberal Religious Charitable Society	Supports UUA charitable religious purposes	\$8.4 million as of 12/31/03	Eastern Investments, Eastern Bank, Boston
Alternative Social Investment & Community Reinvestments	Affordable housing/community investing (\$0.9 million) and FDIC insured reserve for loan guarantees (\$0.6 million)	\$1.5 million as of 3/31/04	Various minority owned and community based banks, credit unions and cooperatives; various community-based loan funds
<b>Total</b>		<b>\$69.6 million</b>	

In addition, not reported on the UUA financial statements are the

**The Unitarian Universalist Organizations Retirement Plan** whose value was \$125 million at 12-31-03. The Plan is a defined contribution program, serving 2200 participants whose funds are fully vested.

**The Society for Ministerial Relief**, with \$9.9 million as of 4-30-04, in trust funds, which provides assistance and support of aged and destitute clergy, not otherwise provided for.

**The Unitarian Service Pension Society**, with \$7.9 million as of 3-31-04, which provides quarterly Service Gratuities to eligible Unitarian Universalist ministers in fellowship.

### **Fundraising Achievement**

At the 2001 General Assembly, a new \$32 million capital campaign was announced to provide the resources to further grow our movement. At this General Assembly it will be announced that the goal has been achieved! Given the economic climate of the last three years, this achievement is testimony to the faith and commitment of our religious community.

### **Financial Results**<sup>7</sup>

**The UUA's financial results for FY2003 were in balance.**

The following chart shows the net financial assets of the Association for the past three years, broken down into components.

	<u>Fiscal Year</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Current	56,136,930	48,348,821	46,985,061
Beacon Press	1,486,849	1,437,610	1,493,879
CPLC	7,281,208	7,168,789	6,992,555
Endowment	<u>94,276,905</u>	<u>78,889,855</u>	<u>76,193,951</u>
Total Net Assets	159,281,892	135,845,075	131,665,446

<sup>7</sup> For a quick overview of the UUA budget go to <http://www.uua.org/giving/apf/uua101/moneyflow.pdf>

### **Independent Audit for FY2003**

The financial statements for FY2003 were audited by the UUA's independent auditor, Deloitte & Touche. Deloitte & Touche is selected by the UUA Board of Trustees in a competitive process and is accountable to the Board for its work. It is the independent auditor's responsibility to provide assurance regarding the accuracy ("in all material respects") of the Association's financial statements. In summary, the outcomes of the audit were:

- **A clean opinion** (we can rely upon the financial statements and they are consistent with generally accepted accounting principles)
- The administration was prepared and cooperative
- No internal control issues were identified

### **Beacon Press**

Beacon Press' projected operating results for FY2004 and actual results for FY2003 are "on plan," i.e. its results are consistent so far with the plan adopted by the Board of Trustees in 2002 as a three year trial period for the Press. The specific wording of the Board vote is:

"To approve the three-year strategic plan for Beacon Press outlined in the Three Year Plan for fiscal years 2003 through 2005 presented by Beacon Press Director Helene Atwan to the Finance Committee. Under the plan:

- Losses shall not exceed \$600,000 over three years
- Losses shall not exceed \$300,000 in any one year

If either loss metric is exceeded, the Board of Trustees will immediately reconsider the alternatives for Beacon."

### **FY 2004 Budget**

At its April 2003 meeting, the UUA Board of Trustees adopted the budget for FY2004. It is usual practice for the budget to be approved at the January meeting, but for the past two years the administration has been unprepared to present a budget at that meeting. The board has communicated to the administration its concern that the prior practice be restored for the presentation of the FY2005 budget.

## Accountability and Improved Financial Governance

At its April 2003 meeting, the Board of Trustees approved the establishment of an Audit Committee to oversee the annual audit and to monitor the review, establishment and implementation of accounting policies and internal controls. These functions were performed previously by the Finance Committee. The creation of a separate Audit Committee establishes a more independent group, with stronger expertise in this particular task, to perform these functions. The Financial Advisor will continue to provide the additional oversight and monitoring function as mandated in the bylaws. The Audit Committee will serve as another structure for accountability to our member congregations.

Recent corporate scandals<sup>8</sup>, as well as similar scandals in the not-for-profit sector, highlight the need for organizations such as the UUA to assure:

- the reality and the perception of the independence of its governing board from the administration
- that appropriate financial reporting and controls are in place, and
- that our practices are in compliance with regulations and best practices.

I am pleased to report that the Audit Committee has been appointed and has begun its work.

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<sup>8</sup> In the corporate sphere, names such as Adelphia, Andersen, Enron, Global Crossing, Sunbeam, Tyco, and WorldCom come to mind. In the not-for-profit sector, in the past decade the CEO of the **United Way of America** was convicted of misuse of funds (1992), the **Foundation for New Era Philanthropy** defrauded other non-profits, mostly religious organizations, of more than \$135 million in a phony investment scheme (1997), eighteen of nineteen trustees of **Adephi University** were removed by the State of New York for their handling of various conflicts of interest and for overcompensating the president (1997), and the **Arizona Baptist Foundation** declared bankruptcy after 13,000 investors were defrauded (1999). In the Arizona Baptist case, the former accounting giant Anderson settled charges against the firm for the sum of \$217 million.

## **Conclusion**

In conclusion, on the positive side of the ledger:

- Our congregations continue to grow in financial strength
- The capital campaign has achieved its \$32 million goal in spite of economic conditions.
- The endowment's investment performance compares very favorably with other endowments.
- A newly established Audit Committee has begun to function on your behalf.

On the negative side of the ledger:

- Our overall growth has been flat, with an increase in adult membership and a decrease in RE enrollments.

As always, I am grateful for the opportunity you have given me to serve you.

## **Attachment:**

1. Standards for the UUA's Financial Performance



## Unitarian Universalist Association of Congregations

### Standards for the UUA's Financial Performance

Larry Ladd, UUA Financial Advisor

June 1997

#### 1. A Clear Religious Message

- The vitality of our religious community - our capacity to serve effectively as a catalyst for personal and social renewal - is a precondition to financial health. It is the fundamental reason we attract funds.
- The leading indicator of our value is the existence of financially strong congregations. Such congregations are the second essential precondition to the UUA's financial health.

#### 2. A Continental Program Worthy of Support

- Congregations and individuals will give, and increase giving, only to programs that respond effectively to their deepest needs and aspirations.
- Congregations and individuals will give, and increase giving, only when they are confident their gifts will be used prudently.

#### 3. Strategic Planning

- Spiritual, membership, and financial growth represents an opportunity to target our energies on the most important goals - if we are clear about what those goals are.
- The UUA should identify and pursue the opportunities for growth.
- The UUA needs
  - objectives grand enough to motivate giving, and
  - priorities specific enough to guide decisions about resource allocation.

#### 4. Expanding Resources

- The UUA leadership must place continued emphasis on the message that living a life committed to UU values requires generosity and compassion for others. UU's live in abundance and need to learn to increase their gifts to the religious community at all levels (local and denominational).
- Capital giving must remain a high priority for the UUA leadership, even after the capital campaign formally ends.
- Congregations should be motivated to fully support the Annual Program Fund.
- Financial return on existing assets, especially endowment (see below), should be maximized.

#### 5. Strong Endowment Performance

- Because the UUA relies heavily on its endowment, investment performance must be a high priority.
- The investment approach should be stable, consistent, and long term - not subject to fads or changes in investor mood.

- The investment objective should be total return - income plus capital appreciation over the long term.
- Asset allocation should be heavily weighted toward equities - which have historically had the best long-term return.
- Endowment performance should, *at a minimum*, be equivalent to the average endowment performance of other non-profit organizations. After meeting that modest goal, the next, achievable objective should be performance equivalent to the market indices.
- Spending from the endowment should be low enough to preserve the inflation-adjusted value of the endowment (excluding new gifts or other additions).

#### **6. Conservative Budget Management**

- The budget should reflect the strategic plan.
- The central question should not be “can we do this cheaper?” but rather “can we do this better?”
- Revenue should be budgeted conservatively, not optimistically.
- Less predictable expenses, such as employee fringe benefits, should be budgeted with a “cushion for error” to accommodate unanticipated short-term cost increases.
- Periodic projections of revenue and expense, based on timely and reliable information, should identify problems early enough to be remedied before deficits occur.
- The budget should include a contingency plan for addressing issues raised by a projected deficit.
- The proposed budget should be accompanied by projected budgets for the following two years.
- Each budgetary activity (for both revenue and expense) should have an administrator clearly accountable for its performance relative to budget.

#### **7. Creative Use of Assets**

- Systems for cash management must be in place to assure adequate working capital and a good return on that capital.
- Investments for congregational building should be encouraged. Additional capital should be obtained if needed.

#### **8. Explicit Policies Consistently Applied**

- All fiscal policies, including those related to investments, insurance, risk management, contracts, transfers and inter-fund borrowings, and fund raising, should be clearly stated in writing and consistently implemented.

#### **9. Risk Avoidance**

- Procedures must be in place to prevent conflict of interest, employee theft, losses from catastrophe, or contracts that inadequately protect the UUA..
- Procedures must be in place to assure compliance with law (including tax laws as they apply to nonprofit organizations), health and safety regulations, and good accounting practices.
- The external auditor should be encouraged to identify real or potential problems with respect to financial reporting and internal controls.

- Fund balances or reserves must be sufficient to absorb unanticipated financial setbacks.

#### **10. Low Overhead**

- Direct program expenditures are the top priority in resource allocation. Overhead services should be made as efficient and simple as possible.
- There should be no duplication of services.

#### **11. Quality Financial Information**

- The UUA should develop a “financial monitor” that provides clear, simple measures or indicators of the Association’s financial well being over time.
- The annual, audited financial statements of the UUA must show the true position of the UUA without compromise, including the proper valuing of inventories and funding of obligations and liabilities.
- The UUA should know the full and incremental costs of its programs.

#### **12. Skilled and Knowledgeable People**

- The Financial Advisor should assist the Committee on Committees in recruiting bright and knowledgeable individuals to serve on the key financial committees of the UUA.
- In hiring professional financial staff, the UUA will be well served by appointing highly trained and experienced professionals. The premium in salary will be modest relative to the benefits and risk avoidance of such appointments.
- High priority should be given to the continuing education and professional development of the financial staff.

#### **13. Don’t Forget Beacon Press!**

- Since profits and losses of Beacon Press accrue to the UUA, the Financial Advisor must pay as much attention to the Press as to the UUA itself.

Larry Ladd can be reached at 31 Chestnut St., East Falmouth MA 02536. E-mail [lladd@uua.org](mailto:lladd@uua.org). Tel. 617-848-4801. He is serving his second (and last) four year term as the UUA Financial Advisor, a volunteer position. His second term expires in 2005. As Financial Advisor, he serves as a member of the UUA Board of Trustees and its executive, finance, and administrative organization and personnel committees. He is a member of the Investment Committee, Congregational Properties Loan Commission, the Committee on Compensation, Benefits & Pension, and the Ministerial Scholarship Committee. He is a member of the UUA President’s Council. He chaired the Board’s Distinguished Service Award Committee in 2001-02 and chaired the Board’s *ad hoc* task force on church staff compensation in 1998.



# *Unitarian Universalist Association*

*Financial Statements for the Years Ended  
June 30, 2003 and 2002, Supplemental  
Schedules as of and for Year Ended  
June 30, 2003 and  
Independent Auditors' Report*



# UNITARIAN UNIVERSALIST ASSOCIATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
Unitarian Universalist Association  
Boston, Massachusetts

We have audited the accompanying statements of financial position of the Unitarian Universalist Association (the "Association") as of June 30, 2003 and 2002 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2003 and 2002 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis of the basic financial statements, rather than to present the financial position and changes in net assets of the Association's business sections, and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Association's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

October 3, 2003

Deloitte  
Touche  
Tohmatsu

# UNITARIAN UNIVERSALIST ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2003 AND 2002

ASSETS	2003	2002	LIABILITIES AND NET ASSETS	2003	2002
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 7,368,539	\$ 12,156,792	Accounts payable and accrued expenses	\$ 5,415,279	\$ 4,296,141
Investments (Note 3)	5,122,057	126,222	Current portion of annuity liabilities	523,329	256,057
Accounts receivable—net	2,440,374	2,759,106	Current portion of bank debt	439,145	249,549
Inventories	1,215,839	1,368,239			
Other current assets	<u>733,961</u>	<u>505,263</u>	Total current liabilities	6,377,753	4,801,747
Total current assets	16,880,770	16,915,622	BANK DEBT (Note 7)	3,858,185	3,407,847
ASSETS HELD IN TRUST FOR OTHERS (Note 2)	19,341,394	16,908,130	ANNUITY LIABILITY AND DEFERRED REVENUE	2,470,885	3,201,259
ASSETS WHOSE USE IS LIMITED OR RESTRICTED (Note 2)	118,531,369	121,677,198	ASSETS HELD IN TRUST FOR OTHERS	19,341,394	16,908,130
LOANS TO MEMBER CONGREGATIONS, Net (Note 5)	3,622,474	3,087,976	AMOUNTS DUE TO MEMBER CONGREGATIONS	70,627	82,985
PROPERTY AND EQUIPMENT—Net (Note 6)	6,757,127	6,832,322	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (Note 10)	1,614,320	1,587,335
ROYALTY ADVANCES	265,476	413,130	Total liabilities	<u>33,733,164</u>	<u>29,989,303</u>
			NET ASSETS:		
			Unrestricted	16,128,291	17,625,193
			Temporarily restricted	26,546,382	26,944,422
			Permanently restricted	88,990,773	91,275,460
			Total net assets	<u>131,665,446</u>	<u>135,845,075</u>
<b>TOTAL ASSETS</b>	<u>\$165,398,610</u>	<u>\$165,834,378</u>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$165,398,610</u>	<u>\$165,834,378</u>

See notes to financial statements.

**UNITARIAN UNIVERSALIST ASSOCIATION**

STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2003 AND 2002

	2003			2002				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Fund-raising (A.P.P., Friends and unrestricted gifts and bequests)	\$ 7,222,789	\$ -	\$ -	\$ 7,222,789	\$ 7,047,911	\$ -	\$ -	\$ 7,047,911
Administration fees	294,442			294,442	310,874			310,874
Investment income	1,075,026	1,035,493		2,110,519	1,202,365	1,120,060		2,322,425
Other income	1,095,716			1,095,716	2,379,408			2,379,408
Net sales from publishing activities	5,927,445			5,927,445	6,237,739			6,237,739
Distributions from Ho-Been and Veatch and capital campaign contributions		4,710,633		4,710,633		3,526,063		3,526,063
General Assembly	1,581,863			1,581,863	942,779			942,779
Gifts and bequests	10,000	1,610,488	(665,691)	954,797	65,970	1,249,209	377,219	1,622,238
Net realized losses on investments	(2,201,232)	(3,843,393)		(6,044,625)	(1,714,772)	(6,627,707)		(4,342,479)
Net change in unrealized gains and losses on investments	3,652,312	3,570,457		7,222,769	(3,572,315)			(8,698,853)
Net change in value of split-interest and master trust agreements	7,945,995	(7,945,995)	(1,641,731)	(954,419)	6,297,195	(6,126,271)		(6,536,806)
Net assets released from restrictions for programs			(2,307,422)				(5,749,052)	
<b>Totals support and revenue</b>	<b>26,604,356</b>	<b>(1,752,005)</b>	<b>(2,307,422)</b>	<b>24,121,629</b>	<b>19,197,054</b>	<b>(8,556,643)</b>	<b>(5,749,052)</b>	<b>4,891,359</b>
<b>EXPENSES:</b>								
Board and volunteer leadership	1,650,643			1,650,643	1,543,095			1,543,095
Advocacy and witness	2,361,734			2,361,734	2,319,941			2,319,941
Congregational services	2,339,423			2,339,423	1,944,701			1,944,701
District services	1,983,543			1,983,543	1,806,891			1,806,891
Identity-based ministries	434,120			434,120	910,833			910,833
Lifespan faith development	805,209			805,209	864,251			864,251
Ministry and professional development	2,767,409			2,767,409	2,906,313			2,906,313
Communications	1,732,843			1,732,843	1,889,952			1,889,952
Cost of goods sold and publishing expenses	5,336,993			5,336,993	5,620,615			5,620,615
Administration	1,227,410			1,227,410	1,399,591			1,399,591
Franchise development	1,646,280			1,646,280	1,752,806			1,752,806
Information technology services	1,072,242			1,072,242	1,019,387			1,019,387
Identical services	2,175,141			2,175,141	2,044,447			2,044,447
General Assembly	1,581,863			1,581,863	886,966			886,966
Expense associated with investment pools	832,597	200,000		1,032,597	655,393	385,310		1,040,703
Interest expense	153,808			153,808	177,884			177,884
<b>Totals expenses</b>	<b>28,101,258</b>	<b>200,000</b>	<b>-</b>	<b>28,301,258</b>	<b>27,942,866</b>	<b>385,310</b>	<b>-</b>	<b>28,328,176</b>
<b>Subtotal</b>	<b>(1,496,902)</b>	<b>(75,305)</b>	<b>(2,307,422)</b>	<b>(4,179,629)</b>	<b>(6,745,812)</b>	<b>(8,941,953)</b>	<b>(5,749,052)</b>	<b>(23,436,817)</b>
<b>OTHER CHANGES IN NET ASSETS</b>								
DECREASE IN NET ASSETS	(1,496,902)	(2,2735)	22,735	(1,476,842)	(6,745,812)	105,065	(105,065)	(8,436,817)
<b>NET ASSETS:</b>								
Beginning of year	17,625,193	26,944,422	91,275,460	135,845,075	26,371,005	35,781,310	97,129,577	159,281,892
End of year	\$ 16,128,291	\$ 26,546,382	\$ 88,990,773	\$ 131,665,446	\$ 17,625,193	\$ 26,944,422	\$ 91,275,460	\$ 135,845,075

See notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (4,179,629)	\$(23,436,817)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	497,015	494,604
Net change in unrealized gains and losses on investments	(7,222,769)	8,698,853
Net realized losses on investments	6,044,625	4,342,479
Permanently restricted gifts	665,691	(377,219)
Net change in value of split-interest and master trust agreements	954,419	6,526,806
Change in operating assets and liabilities:		
Accounts receivable—net	318,732	122,549
Inventories—net	152,490	215,105
Other current assets	(228,698)	12,779
Royalty advances	147,654	125,828
Accounts payable and accrued expenses	1,119,138	(2,600,741)
Annuity liability and deferred revenue	(463,102)	542,190
Amounts due to member congregations	(12,358)	(11,755)
Accumulated postretirement benefit obligation	26,985	(204,623)
Total adjustments	<u>1,999,822</u>	<u>17,886,855</u>
Net cash used in operating activities	<u>(2,179,807)</u>	<u>(5,549,962)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Purchases) sales of investments—net	(1,898,774)	9,410,441
Increase in assets whose use is limited or restricted	933,921	(836,951)
Purchases of property and equipment	(421,820)	(279,905)
(Increase) decrease in loans to member congregations	<u>(1,196,016)</u>	<u>462,618</u>
Net cash (used in) provided by investing activities	<u>(2,582,689)</u>	<u>8,756,203</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank debt	(4,062,419)	(205,490)
Proceeds from bank debt	4,702,353	225,000
Permanently restricted gifts	<u>(665,691)</u>	<u>377,219</u>
Net cash (used in) provided by financing activities	<u>(25,757)</u>	<u>396,729</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,788,253)</b>	<b>3,602,970</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>12,156,792</u>	<u>8,553,822</u>
End of year	<u>\$ 7,368,539</u>	<u>\$ 12,156,792</u>

See notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2003 AND 2002

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General**—The accompanying financial statements have been prepared on the accrual basis of accounting and include the assets, liabilities, net assets and financial activities of the Unitarian Universalist Association (the “Association”). The primary purpose of the Association is to serve the needs of its member congregations, organize new congregations, extend and strengthen Unitarian Universalist institutions and implement its principles. The Association is composed of four business segments: Current, Beacon Press, Congregational Properties and Loan Commission (“CPLC”) and Trust and Agency and Endowment.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**—All highly liquid investments with a remaining maturity of three months or less at the date of acquisition by the Association are classified as cash equivalents unless held for long-term investment.

**Investments**—Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Investment income and realized and unrealized gains and losses on investments are recorded as support and revenue of unrestricted net assets unless the income or gains and losses are restricted by donor or law.

The Association and member congregations’ endowment and investment funds are combined and invested in the General Investment Fund (the “GIF”). Activity in the GIF is accounted for using a unit method whereby ownership is based on the number of units held in relation to the total units of the pool. The unit market value for the GIF is determined on a quarterly basis and is derived by dividing the market value of the assets of the GIF at the end of a quarter by the number of units of the GIF. The purchase and redemption of GIF units is recorded on a quarterly basis using the unit market value.

GIF assets are invested by several outside investment managers in a wide array of investment vehicles in an effort to maximize the GIF total return, with the objective of minimizing risk through diversification. Income, net of expenses is distributed quarterly based upon a 13-quarter rolling average market value.

Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the mean of the last quoted bid-and-asked price.

**Inventories**—Inventory is valued at the lower of cost (first-in, first-out) or market. Market value is determined by a write-down policy. Inventories include work in process and comprise production costs (copy editing, translation fees, proofreading, composition and plates) as well as paper, printing, and binding costs.

***Assets Held in Trust for Others***—Certain member congregations and affiliates have transferred funds to the Association under revocable investment agreements. The funds are invested by the Association, and income and net gains are distributed in accordance with the agreements. Terms of the agreements provide that funds may be invested or withdrawn at the end of any calendar quarter with 30 days' notice.

***Donor-Restricted Gifts***—Gifts are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted gifts and bequests whose restrictions are met within the year of receipt are reported as temporarily restricted gifts and bequests and net assets released from restrictions in the accompanying financial statements.

***Publishing Sales Recognition***—Sales are recorded upon shipment of books. Returns are accepted for as long as the book remains in print and are estimated at the time of sale by recording a return reserve.

***Other Changes in Net Assets***—The Association classifies gifts and bequests as unrestricted, temporarily restricted or permanently restricted based upon the donor's stipulation that limits the use of the donated assets. The Association reclassified certain net assets in 2002 based on further analysis of donor stipulations.

***Outstanding Legacies***—From time to time, the Association is named as the beneficiary under various wills and trust agreements, the total realizable amounts of which are not immediately determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable.

***Promises to Give***—Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in periods exceeding one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in gift and bequest revenue. Conditional promises to give are not included as support until the conditions are substantially met. Certain agreements stipulate that upon the beneficiary's death, a portion of the remainder reverts to parties other than the Association. The estimated liabilities due to these other beneficiaries has been recorded as assets held in trust for others.

***Split-Interest Agreements***—Split-interest agreements include (i) assets placed in trust for the benefit of the Association; (ii) contributions received which require payment of an annuity to a specified beneficiary; and (iii) contributions received which require payment of income earned on the investment of such contribution to a specified beneficiary. Assets are recorded at fair value when received. Obligations to beneficiaries, including deferred contribution revenue, are recorded at estimated fair value. Fair value of these obligations is based on the present value of the annual distribution specified in the agreements and the estimated life expectancy of the beneficiaries. The discounted rates used in the present value calculations is 6%. Initial contribution revenue is recognized based upon the present value of the net anticipated benefit. Subsequent changes in the net fair value are reported in "net change in value of split-interest and master trust agreements."

**Perpetual Trust Assets**—The Association accounts for its beneficial interests in perpetual trusts in conformity with the requirements of the Audit and Accounting Guide, *Not-for-Profit Organizations* (the “Guide”), issued by the American Institute of Certified Public Accountants. Under the terms of various trusts, the Association has the irrevocable and perpetual right to receive income earned on the trust assets but will never receive the principal. In accordance with the Guide, the fair value of the trust assets has been recorded as a permanently restricted net asset. Changes in the fair value of the trusts are reported as increases or decreases in permanently restricted net assets.

The largest of the trusts are those trusts established by Jonathan Holdeen (the “Holdeen Trusts”) which are used primarily for support of the Holdeen India Program and other charities designated by the Association’s Board of Trustees (the “Board”) under the terms of the trust. The remaining trusts have various other charitable purposes.

The fair value of perpetual trust assets are composed of the following at June 30:

	2003	2002
Holdeen Trusts	\$28,951,099	\$30,311,710
Other	<u>8,214,918</u>	<u>8,379,292</u>
Total (Note 2)	<u>\$ 37,166,017</u>	<u>\$ 38,691,002</u>

**Property and Equipment**—Property and equipment are recorded at cost. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. Maintenance repairs and minor renewals are expensed as incurred, and renewals and betterments are capitalized.

**Impairment of Long-Lived Assets**—Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

**Royalty Advances**—Royalty advances are negotiated on a contract-by-contract basis and are recorded when paid. Royalties are earned and recorded when the sale occurs and are applied as a reduction to royalty advances. Write-offs to advances are recorded when it appears that advances are not expected to be recovered from future sales.

**Postretirement Benefits Other Than Pensions**—The Association accounts for postretirement benefits in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions.” SFAS No. 106 requires accrual of postretirement benefits (such as health care benefits) during the years an employee provides services.

**Temporarily Restricted Net Assets**—Temporarily restricted net assets are those whose use by the Association have been limited by donors for a specific period or purpose. The composition of temporarily restricted net assets as recorded on the statements of financial position at June 30 is as follows:

	2003	2002
Amounts restricted by donors for programs	\$ 4,046,366	\$ 4,455,707
Net realized and unrealized gains on temporarily and permanently restricted net assets	21,619,901	22,247,645
Amounts to be unrestricted in periods after June 30	<u>880,115</u>	<u>241,070</u>
	<u>\$ 26,546,382</u>	<u>\$ 26,944,422</u>

**Permanently Restricted Net Assets**—Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity, the income from which is expendable to support operations. The Association requires that realized and unrealized gains of permanently restricted net assets be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. State law allows the Board to appropriate as much net appreciation of permanently restricted net assets as is prudent considering the Association’s long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends and general economic conditions.

**Tax Status**—The Association has previously been determined by the Internal Revenue Service (“IRS”) to be an organization described in Internal Revenue Code (“IRC”) Section 501(c)(3), and is therefore exempt from taxation on related income under IRC Section 501(a). The IRS has also previously determined that the Association is not a private foundation pursuant to IRC Section 509(a). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

## 2. ASSETS WHOSE USE IS LIMITED, RESTRICTED OR HELD IN TRUST FOR OTHERS

Assets whose use is limited, restricted or held in trust for others, as reported in the statements of financial position, consist of the following at June 30:

	2003	2002
Cash and cash equivalents	\$ 1,235,659	\$ 5,178,463
Investments (Note 3)	82,682,838	78,225,777
Pledges receivable—net (Note 4)	1,314,488	1,699,882
Accounts and notes receivable	757,772	1,352,772
Investments in split-interest agreements	10,269,699	9,652,660
Beneficial interests in perpetual trusts (Note 1)	37,166,017	38,691,002
Loans to member congregations (Note 5)	<u>4,446,290</u>	<u>3,784,772</u>
Total assets whose use is limited, restricted or held in trust for others	<u>\$ 137,872,763</u>	<u>\$ 138,585,328</u>

### 3. INVESTMENTS

Fair value of investments consists of the following at June 30:

	<b>2003</b>	<b>2002</b>
Equity securities	\$ 7,071,959	\$ 47,629,164
Corporate bonds	6,138,776	2,368,021
U.S. government and agency obligations	25,699,818	8,342,308
Limited partnerships		70,952
Mutual funds	48,124,285	19,079,638
Certificates of deposit	<u>770,057</u>	<u>861,916</u>
	<u>\$ 87,804,895</u>	<u>\$ 78,351,999</u>

Investments are recorded in the statements of financial position at June 30 as follows:

	<b>2003</b>	<b>2002</b>
Investments	\$ 5,122,057	\$ 126,222
Assets whose use is limited or restricted (Note 2)	<u>82,682,838</u>	<u>78,225,777</u>
Total	<u>\$ 87,804,895</u>	<u>\$ 78,351,999</u>

Total investment activity is reported within the statements of activities for the year ended June 30 are as follows:

	<b>2003</b>	<b>2002</b>
Investment income	\$ 2,110,219	\$ 2,322,425
Net realized losses on investments	(6,044,625)	(4,342,479)
Net change in unrealized gains and losses on investments	<u>7,222,769</u>	<u>(8,698,853)</u>
Total	<u>\$ 3,288,363</u>	<u>\$(10,718,907)</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is possible that changes in the values of investment securities may occur in the near term.

**4. PROMISES TO GIVE**

Pledges receivable are reported within the statements of financial position as assets whose use is limited or restricted and consist of the following unconditional promises to give at June 30:

	<b>2003</b>	<b>2002</b>
Capital campaign	\$ 6,000	\$ 9,500
Room of One's Own		15,000
Campaign for Unitarian Universalism	<u>1,517,778</u>	<u>1,989,444</u>
Unconditional promises to give before unamortized discount and allowance for uncollectible promises (all due in one to five years)	1,523,778	2,013,944
Less unamortized discount	<u>(133,390)</u>	<u>(214,587)</u>
	1,390,388	1,799,357
Less allowance for uncollectible promises to give	<u>(75,900)</u>	<u>(99,475)</u>
Net unconditional promises to give (Note 2)	<u>\$ 1,314,488</u>	<u>\$ 1,699,882</u>

The rate used to discount pledges receivable was 6% at both June 30, 2003 and 2002.

**5. LOANS TO MEMBER CONGREGATIONS**

Loans and advances totaling \$8,068,764 and \$6,872,748 at June 30, 2003 and 2002, respectively, represent loans to member churches for capital purposes, primarily buildings. In accordance with the policy of the Association, certain loans were granted so as to be noninterest bearing for a certain length of time. Approximately 5% and 7% of these loans are noninterest bearing at June 30, 2003 and 2002, respectively. The loans mature at various dates from June 2005 to May 2028 and bear interest at rates ranging from 0% to 10%. Loans to member congregations are reported in the statements of financial position at June 30 as follows:

	<b>2003</b>	<b>2002</b>
Loans to member congregations	\$3,622,474	\$3,087,976
Assets whose use is limited or restricted (Note 2)	<u>4,446,290</u>	<u>3,784,772</u>
	<u>\$ 8,068,764</u>	<u>\$ 6,872,748</u>

## 6. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following at June 30:

	2003	2002
Land, buildings and improvements	\$ 8,774,401	\$ 8,587,160
Computer equipment	2,155,793	1,938,998
Office furniture and fixtures	473,258	455,473
Vehicles	<u>17,214</u>	<u>17,214</u>
	11,420,666	10,998,845
Less accumulated depreciation	<u>(4,663,539)</u>	<u>(4,166,523)</u>
Total	<u>\$ 6,757,127</u>	<u>\$ 6,832,322</u>

## 7. BANK DEBT

During 2002, the Association, on behalf of CPLC, entered into an agreement with a bank for a term note of \$2,115,644 (the “term note”), a \$4,000,000 line of credit (the “member lending credit line”), and a commercial real estate mortgage note of \$1,600,000 (the “mortgage note”). The agreement contains financial and nonfinancial covenants and is collateralized by the Association’s real estate mortgages on 39-41 Mount Vernon Street and 6 and 7 Mount Vernon Place.

**Term Note**—At June 30, 2003, \$1,783,172 is outstanding on the term note, which bears interest of 4.52% payable monthly in 84 consecutive monthly installments of \$29,492.

**Line of Credit**—The member lending credit line is used to provide mortgage loan financing to member congregations according to the existing CPLC lending standards. Draws on the line of credit bear interest at various rates between 4.39% and 4.59% and mature at various dates through May 30, 2010. Amounts owed on behalf of the CPLC under the line of credit total \$980,825 at June 30, 2003. The revolving line of credit will be reviewed for extension and renewal in advance of November 30, 2004.

**Mortgage Financing**—The mortgage note bears interest at a fluctuating rate per annum equal to the London InterBank Offering Rate (“LIBOR”) plus 0.75% (2.04% at June 30, 2003) and is payable over consecutive quarters with equal principal installments of \$33,333 and payments of interest calculated based upon the then-outstanding principal in arrears on each quarterly payment date. The mortgage note will be reviewed for extension and renewal in advance of November 30, 2004. The outstanding balance at June 30, 2003 under this mortgage note payable is \$1,533,334.

Total interest paid by the Association was approximately \$175,000 and \$192,000 in 2003 and 2002, respectively.

Annual repayments of outstanding debt required under these agreements are as follows:

**Years Ending June 30**

2004	\$ 439,145
2005	2,643,743
2006	304,586
2007	318,842
2008	333,764
2009	<u>257,250</u>
Total	<u>\$ 4,297,330</u>

**8. RETIREMENT PLAN**

The Association has a defined contribution retirement plan covering all employees who have satisfied initial age and hourly requirements. The policy of the Association is to fund pension costs accrued. Participants' interests are fully vested immediately. The provision for retirement plan costs was approximately \$699,000 and \$686,000 in 2003 and 2002, respectively.

**9. LEASES AND OTHER COMMITMENTS**

The Association leases certain office equipment under lease agreements classified as operating leases. Future minimum rental payments required under operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2003 were:

2004	\$ 75,592
2005	37,285
2006	31,957
2007	16,188

Rental expense charged to operations was approximately \$124,000 and \$120,000 in 2003 and 2002, respectively.

The Association guarantees certain loans extended by various lending institutions to member congregations. The outstanding guarantees were approximately \$3,926,000 and \$3,611,000 at June 30, 2003 and 2002, respectively, on loans totaling approximately \$10,806,000 and \$9,255,000, respectively. The loan guarantees were obtained by the member congregations via the Association's loan guarantee program. The Association's policy is to guarantee 50% of the outstanding loan principal up to a maximum of \$375,000.

**10. ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (“APBO”)**

The Association provides a health care retirement plan (the “Plan”) to its retired employees. The following table details the components of the funded status of the Plan and amounts recognized in the Association’s financial statements at June 30.

	2003	2002
APBO at June 30	\$(1,614,320)	\$(1,587,335)
Fair value of Plan assets at June 30	<u>                    </u>	<u>                    </u>
APBO in excess of fair value of Plan assets	<u>\$(1,614,320)</u>	<u>\$(1,587,335)</u>
Accrued benefit cost recognized in the statements of financial position	<u>\$(1,614,320)</u>	<u>\$(1,587,335)</u>
Net periodic cost credit	<u>\$ (129,238)</u>	<u>\$ (120,246)</u>
Employer contribution	<u>\$ 102,253</u>	<u>\$ 84,377</u>
Plan participants’ contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ (102,253)</u>	<u>\$ (84,377)</u>

The assumed health care cost trend rate used in determining the accumulated postretirement benefit obligations as of June 30, 2003 and 2002 were 10%. The discount rate used in determining the projected benefit obligation was 6.0% and 7.0% in 2003 and 2002, respectively.

During 2002, the Association realized a curtailment gain of \$321,700 as a result of an amendment to the Plan. The gain is included in the net periodic benefit credit for 2002.

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**SUPPLEMENTAL SCHEDULES**

**UNITARIAN UNIVERSALIST ASSOCIATION**

**SUPPLEMENTAL SCHEDULE OF ASSETS BY BUSINESS SECTION  
JUNE 30, 2003**

	<b>Current</b>	<b>Beacon Press</b>	<b>CPLC</b>	<b>Trust and Agency and Endowment</b>	<b>Eliminations</b>	<b>Total</b>
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 270,230	\$ 993,784	\$ 115	\$ 6,104,410		\$ 7,368,539
Investments				5,122,057		5,122,057
Accounts receivable—net	1,568,563	798,571	15,319	57,921		2,440,374
Inventories	416,528	799,311				1,215,839
Amounts due from other business sections	2,730,676		1,000,317	33,476	\$(3,764,469)	
Other current assets	<u>710,752</u>	<u>23,209</u>				<u>733,961</u>
Total current assets	5,696,749	2,614,875	1,015,751	11,317,864	(3,764,469)	16,880,770
<b>ASSETS HELD IN TRUST FOR OTHERS</b>	4,807,781			14,533,613		19,341,394
<b>ASSETS WHOSE USE IS LIMITED OR RESTRICTED</b>	44,913,957	65,970	5,193,454	68,357,988		118,531,369
<b>LOANS TO MEMBER CONGREGATIONS—Net</b>			3,622,474			3,622,474
<b>PROPERTY AND EQUIPMENT—Net</b>	6,745,064	12,063				6,757,127
<b>ROYALTY ADVANCES</b>		<u>265,476</u>				<u>265,476</u>
<b>TOTAL ASSETS</b>	<u>\$62,163,551</u>	<u>\$2,958,384</u>	<u>\$ 9,831,679</u>	<u>\$94,209,465</u>	<u>\$(3,764,469)</u>	<u>\$165,398,610</u>

## UNITARIAN UNIVERSALIST ASSOCIATION

### SUPPLEMENTAL SCHEDULE OF LIABILITIES AND NET ASSETS BY BUSINESS SECTION

JUNE 30, 2003

	Current	Beacon Press	CPLC	Trust and Agency and Endowment	Eliminations	Total
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 3,276,563	\$ 1,151,668	\$ 4,500	\$ 982,548		\$ 5,415,279
Current portion of annuity liabilities	523,329					523,329
Current portion of bank debt	133,333		305,812			439,145
Amounts due to other business sections	980,764	284,352		2,499,353	\$ (3,764,469)	-
Total current liabilities	4,913,989	1,436,020	310,312	3,481,901	(3,764,469)	6,377,753
<b>BANK DEBT</b>	1,400,000		2,458,185			3,858,185
<b>ANNUITY LIABILITY AND DEFERRED REVENUE</b>	2,470,885					2,470,885
<b>ASSETS HELD IN TRUST FOR OTHERS</b>	4,807,781			14,533,613		19,341,394
<b>AMOUNTS DUE TO MEMBER CONGREGATIONS</b>			70,627			70,627
<b>ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION</b>	1,585,835	28,485				1,614,320
Total liabilities	15,178,490	1,464,505	2,839,124	18,015,514	(3,764,469)	33,733,164
<b>NET ASSETS:</b>						
Unrestricted	5,065,318	1,427,909	1,799,101	7,835,963		16,128,291
Temporarily restricted	4,700,470	24,831	201,180	21,619,901		26,546,382
Permanently restricted	37,219,273	41,139	4,992,274	46,738,087		88,990,773
Total net assets	46,985,061	1,493,879	6,992,555	76,193,951	-	131,665,446
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 62,163,551</u>	<u>\$ 2,958,384</u>	<u>\$ 9,831,679</u>	<u>\$ 94,209,465</u>	<u>\$ (3,764,469)</u>	<u>\$ 165,398,610</u>

**UNITARIAN UNIVERSALIST ASSOCIATION**  
**SUPPLEMENTAL SCHEDULE OF ACTIVITIES BY BUSINESS SECTION**  
**YEAR ENDED JUNE 30, 2003**

	Current	Beacon Press	CPLC	Trust and Agency and Endowment	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>						
Fund-raising (A/PF, Friends and unrestricted gifts and bequests)	\$ 7,222,789	\$ -	\$ -	\$ -	\$ (483,549)	\$ 7,222,789
Administration fees	777,991				(2,426,303)	294,442
Investment income—unrestricted	2,426,303	15,940	445,595	613,491		1,075,026
Investment income—temporarily restricted				1,035,193	(1,653,611)	1,035,193
Other income	2,588,804	160,523				1,095,716
Net sales from publishing activities	1,165,672	4,761,773				5,927,445
Distributions from Holden and Veatch and capital campaign contributions	5,946,930	85,276	200,000		(1,521,573)	4,710,633
General Assembly	1,581,863					1,581,863
Gifts and bequests—unrestricted				10,000		10,000
Gifts and bequests—temporarily restricted				1,610,488		1,610,488
Gifts and bequests—permanently restricted				(665,691)		(665,691)
Net realized gains and losses on investments				(2,201,232)		(2,201,232)
Net realized gains and losses on investments—temporarily restricted		(28,581)		(3,843,393)		(3,843,393)
Net change in unrealized gains and losses on investments		(2,049)		3,680,893		3,652,312
Net change in unrealized gains and losses on investments—temporarily restricted				3,572,506		3,570,457
Net change in value of split-interest and master trust agreements—temporarily restricted	687,312					687,312
Net change in value of split-interest and master trust agreements—temporarily restricted	(1,641,731)					(1,641,731)
Net change in value of split-interest and master trust agreements—permanently restricted	6,453,161	131,494		(2,718,574)	4,079,914	7,945,995
Net assets released from restrictions for programs—unrestricted	(6,356,271)	(131,494)		(2,979,803)	1,521,573	(7,945,995)
Net assets released from restrictions for programs—temporarily restricted						
<b>Total support and revenue</b>	<u>20,852,823</u>	<u>4,992,882</u>	<u>645,595</u>	<u>(1,886,122)</u>	<u>(483,549)</u>	<u>24,121,629</u>
<b>EXPENSES:</b>						
Board and volunteer leadership	1,650,643					1,650,643
Advocacy and witness	2,361,734					2,361,734
Congregational services	2,339,423					2,339,423
District services	1,983,543					1,983,543
Identity-based ministries	434,120					434,120
Lifespan faith development	805,209					805,209
Ministry and professional development	2,767,409					2,767,409
Communications	1,732,843					1,732,843
Cost of goods sold and publishing expenses	400,380	4,936,613				5,336,993
Administration	1,227,410					1,227,410
Financial development	1,646,280					1,646,280
Information technology services	1,072,242					1,072,242
Internal services	2,175,141					2,175,141
General Assembly	1,581,863					1,581,863
Expenses associated with investment pools		729,099		787,047	(483,549)	1,032,597
Interest expense	38,343		115,465			153,808
<b>Total expenses</b>	<u>22,216,583</u>	<u>4,936,613</u>	<u>844,464</u>	<u>787,047</u>	<u>(483,549)</u>	<u>28,301,258</u>
Subtotal	(1,363,760)	56,269	(198,969)	(2,673,169)		(4,179,629)
<b>NET ASSET TRANSFER</b>			22,735			-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<u>\$(1,363,760)</u>	<u>\$ 56,269</u>	<u>\$(176,234)</u>	<u>\$(2,695,904)</u>	<u>\$ -</u>	<u>\$(4,179,629)</u>



**We, the member congregations of the  
Unitarian Universalist Association,  
covenant to affirm and promote:**



The inherent worth and dignity of every person;

Justice, equity and compassion in human relations;

Acceptance of one another and encouragement to spiritual  
growth in our congregations;

A free and responsible search for truth and meaning;

The right of conscience and the use of the democratic  
process within our congregations and in society at large;

The goal of world community with peace, liberty  
and justice for all;

Respect for the interdependent web of all existence of  
which we are a part.

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