



Financial Training

UUA Board of Trustees – January 2019

uua.org



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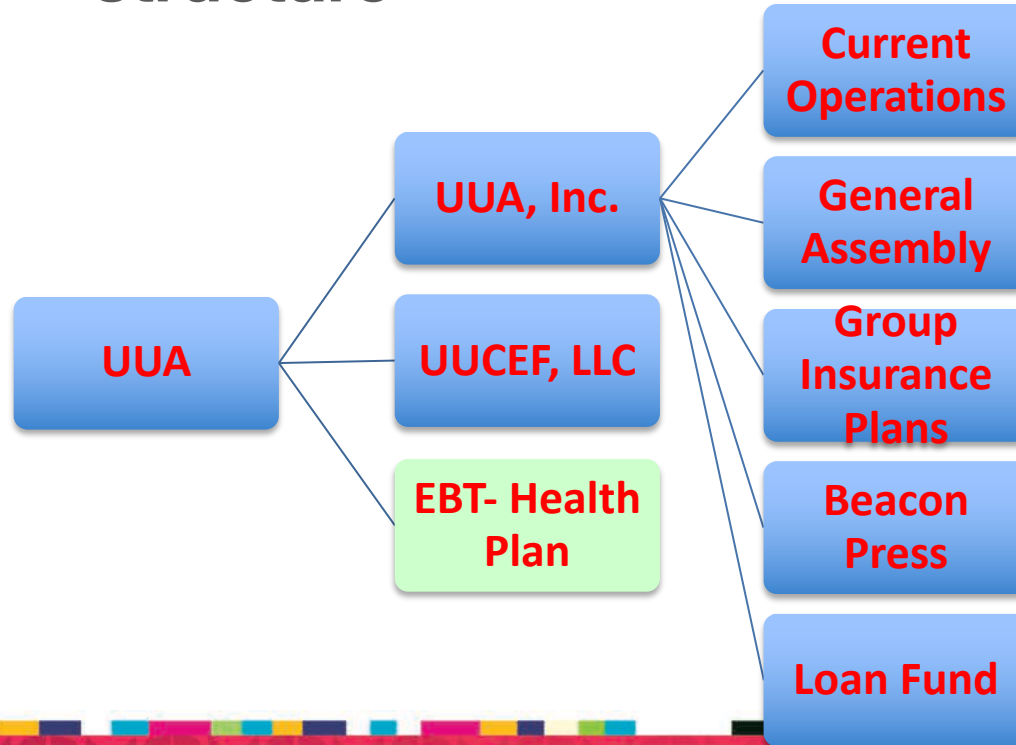
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FINANCIAL OVERVIEW



UUA legal and financial structure





Fiduciary Responsibility

What is the Board's legal fiduciary responsibility?

- Duty to care
- Duty of loyalty



I. BUDGETING AND FORECASTING



UUA Budget

- Annual plan of what the UUA will raise and spend
- Required in Section 10.1, Rule X
 - Adopted by the Board of Trustees (usually at April meeting)
 - Presented at GA
 - Includes two years of projections
 - Required 3% contingency
- FY19 = \$28.3 million; fiscal year = July 1 – June 30
- *Separate budgets* – General Assembly, Benefit & Insurance Programs, Beacon Press



UUA Budget

How is the budget organized?

- Types of expenditures – operating, capital/depreciation
- Categories of expenditures – cost center (department), account (use), project (initiative)
- Types of income – unrestricted, restricted

Mission budget – annual analysis that categorizes current expenditures by UUA mission area



Quarterly Forecasting

How does the UUA adjust its budget during the year?

- Quarterly updates to budget projections, based on annualized projections
- Completed at the close of each quarter
- Presented at regular Board meetings, under staff authority
- Opportunity to change expenditure or income plans with new information



II. INVESTMENTS



Endowment Spending Policy

- Weighted average of the prior year's spending adjusted for inflation (weighted at 70%)
- 4.5% of the trailing four-quarter average market value of the endowment as of the previous December (weighted at 30%)
- Limits: spending rate must be at least 4% and not more than 6% of the trailing four-quarter average market value of the endowment as of the previous December
- Spending from new gifts will be calculated at the effective spending policy rate



Endowment Spending

	FY18 Actual	FY19 Budget
Regular formula-based payout	\$4,475,647	\$4,322,224
Repayment of loan principle	873,316	905,731
Withdrawal from unrestricted bequest reserve for COIC	234,164	0
Funding of BLUU	685,000	827,065
Withdrawal from CER reserves	46,396	0
Total	\$6,314,523	\$6,055,020



UU Common Endowment Fund, LLC

As of 9/30/18	Accounts	(in \$000s)
UUA Endowment		
Permanently restricted		43,449
Temporarily restricted		23,280
Board restricted		24,647
Congregational accounts	426	86,304
Managed trusts	317	<u>16,199</u>
Total		193,879



III. AUDITING



Audit Committee

Purpose: To assist the Board of Trustees in fulfilling its oversight responsibilities for

- (1) the financial reporting process and system of internal control,
- (2) the external auditors' qualifications, independence and performance,
- (3) the adequacy and effectiveness of the process for monitoring compliance with laws, regulations, and the code of ethics, and
- (4) the adequacy and effectiveness of risk management practices.

- Audit Committee Charter



GROUP DISCUSSIONS



In small groups...

- One group for each area (budgeting and forecasting, investments, auditing)
- Name at least three observations about this work
- Draft at least three questions that the Board should ask in reviewing this work annually



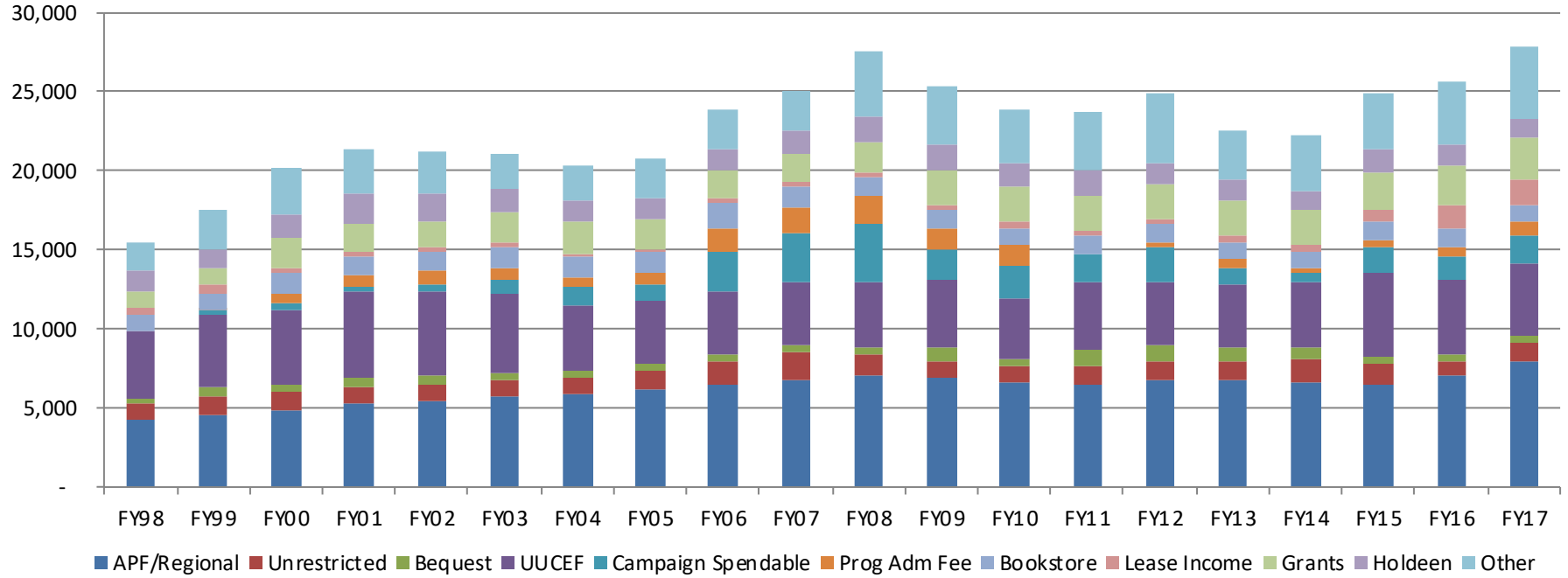
LONG TERM STRATEGY

Budget context – UUA Fiscal History

UUA Operating Statements									
(in thousands of dollars)									
	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Income	27,030	27,229	27,469	26,494	23,978	24,058	25,804	24,909	25,228
Expenses	<u>26,695</u>	<u>26,877</u>	<u>27,204</u>	<u>26,487</u>	<u>25,102</u>	<u>25,012</u>	<u>25,613</u>	<u>24,867</u>	<u>25,187</u>
Surplus/(deficit)	335	352	265	7	(1,124)	(954)	191	42	41

Budget context - APF History

In \$000s	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
APF	6,436	6,474	6,376	6,537	6,532	6,657	6,724	6,757	6,527	6,659	6,870





FY19 2Q FORECAST



FY19 2nd quarter forecast

Current operations (in \$000s)

Through 12/31/18	FY19 Budget	FY19 Forecast	Percent Inc/(Dec)
Total revenue	27,750	26,923	-3.0%
Total expenses	28,400	27,979	-1.5%
Depreciation spending/ CSF Reserve	650	750	15.4%
Surplus (deficit)	0	(305)	