

*Finance Agenda
UUA Board of Trustees
October 16, 2015*

1. Treasurer's report (Designated time)
2. Address any issues or questions resulting from a review of the draft financial report to the audit committee for the prior fiscal year.
3. Review and assess the current year's first quarter performance compared to budget.
4. Consider: Should unrestricted bequests be treated as "income" or endowment? **[All trustees should engage in discernment on this issue first raised at our June meeting. To allow time and focus on the APF discussion, we will defer discussion of this until the January meeting.]**
5. Stewardship/Development
 - A. Report on the Collaborative Campaign
 - B. APF Discussion. *Conducted by Larry Ladd following his report.*
6. Informational: COA Budget Increase Request (to be taken up with visit from Nate Hollister)

First hour

1. Gathering remarks (**Rev. Sarah Stewart--5 mins.**) Rosemary's calculus: The details of calculus are hard to grasp, working out the differential equations and figuring the area under the curve. But the spirit of calculus describes the shape of acceleration and change, helps articulate the moment at which "better" becomes "best" without slipping down the other side of the curve toward "too much." When we talk about our finances, let's try to talk about the values and hopes they represent as much as the detailed numbers. Budgets represent the resources we intend to expend on living out our values and Ends. We'll be talking about budgets--about how to understand and communicate the values at work within them, about how to ask for and receive the income that makes possible all we do together.
2. Budget tracking for the board (**Susan Weaver--5 mins.**)
 - a. Natty. What is the purpose of every board meeting? Is there a way to cut down on the cost of meeting and board? The lengthy time commitment of board meetings limits the potential diversity of the board.
 - b. Clyde. Use off-site board meetings to do work that can only be done in those places. The cost of governance is the cost of not taking the opportunities presented by a particular expenditure.
3. Beacon Press policy (**Sarah Stewart--10 mins.**)

A revision to policy 2.7.4.2. This is the policy on the financial management of Beacon Press. The policy refers to an appendix which you can read here: <http://www.uua.org/uuagovernance/manual/limits/appendices/183776.shtml>. See "Dan Brody memo on Beacon Press policy 20 April 2013."

In the Beacon Press budget segment, the President ~~shall follow the Beacon Press Financial Policy (Appendix 2.F) :~~

- i. shall make every reasonable effort to limit any operating deficit to a level that is commensurate with the contribution of Beacon Press towards meeting the Ends of the Association,
 - ii. shall not spend or commit to spend on any single project an amount that exceeds 3% of Beacon's total expenses in the prior fiscal year, and
 - iii. shall not spend or commit to spend on one or more projects amounts that would cause Beacon's liquid assets or its unrestricted net assets to fall below 20% of Beacon's total expenses in the prior fiscal year.
- a. Terasa. Changing the policy should perhaps go under the policy review? Beacon may not interpret this as more interference and not less.

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Comment [1]:

My nerdy notes on the meaning of budgets for my comments to the Board.

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Comment [2]:

Susan Weaver and Jim have kept their eyes on the Board's own spending; I have not been very involved in this work.

- b. Larry. Beacon is outside the UUA's core competencies. A high level of risk in the publishing business. 10 years of success shouldn't make us complacent about the risk.
- c. Lew to speak on Sunday.

4. **Committee budgets (Tim Brennan--10 mins.)**

- a. **Sarah** to follow up with committees who haven't submitted budgets (via telephone).
- b. **Jim** to follow up with the Commission on Social Witness and the Audit Committee.
- c. **Natty**. Why does the board work the way it does, and why do we spend the money we do?

5. **Financial Advisor's report (Larry Ladd--30 mins.)**

- a. Focus on skill of volunteers on financial committees.

Second hour

5. **Treasurer's report (Tim Brennan--20 mins.)**

- a. **Contingency fund down to \$60,000.**

6. **APF.** Beginning a "deep dive" conversation about APF trends and what we can do to strengthen APF. We may focus on some of the following questions: Why have APF contributions been going down? Why are so few large congregations in particular Fair Share? Why did the UUA's APF volunteer corps run out of steam? Should the Board return to setting APF rates? What else could the Board do to reinvigorate APF? How is the GIFT pilot going?

We will consider during this conversation: What other conversations would we want to have about APF (for instance, at the April board meeting) to further educate us and help us understand what we as a board and an Association can do to improve APF contributions?

APF conversation

- Every congregation, if they could, would be fair share. It's symbolic of our covenant. (Terry)
- The single biggest giving category in terms of money received comes from 200--349 size congregations.
- Selective pricing? Unique asks? (Natty)
- Would it be helpful if board members were in touch with specific congregations and asking for a set number? (Natty)
- Is the central issue the formula? Or is it a cultural change? Can the board affect this culture change? How would we find out? Does it have nothing to do with us, or is this

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Comment [3]:

Over the last two years, the Board has begun to take its responsibility for the volunteer budget of the UUA more seriously. This year (2015), when Tim's office reached out to committees for budgets, is the best it's gone yet. We need to keep this in the mind of the Board.

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Comment [4]:

Cash flow has been a problem for the past two years.

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Comment [5]:

APF/GIFT is another conversation that has been ongoing for two years. The Board has a responsibility to keep an eye on revenues as well as expenditures, and perhaps we have more influence over revenues and stewardship.

part of the larger culture or economic trends? What is the relationship between congregations and the Association? Often finances are a leading indicator. (Larry)

- Is this the result of the shrinking middle class? Are socio-economic pressures affecting congregations, which in turn affects APF? (Clyde)
- We can't just keep tweaking APF. This is a culture change. (Terasa)
- Historic confusion between fee-for-service and mission. If it's fee-for-service, large congregations can get better services elsewhere. If it's mission-driven, there's a real conversation to be had. This conversation relates to whom should be attending GA. Bringing actual leadership to GA would allow the UUA to raise funds through the congregations. (Rob)
- We need a bigger conversation. APF is a strategy. But thinking bigger: we are not great at stewardship, we are not generous compared to others. We need to create a culture of generosity at the congregational level. The economy has been terrible for five years. Even the wealthiest congregations have had to trim their budgets and seen expenses rise. An ask for higher giving is a decision between giving to the UUA and local staffing. Every congregation has a story. (James)
- 2008 broke the ice in terms of APF. If nothing changes when you're not fair share, what difference does it make? A way to tell congregations that their spiritual health is dependent on giving to and being part of the whole. (Michael)
- Give GIFT a little more time. 7% gave congregations sticker shock. (Jim)
- Spiritual connections between congregations and the UUA. Work through the ministers. (Sarah)

Sarah Stewart to moderate this conversation, with participation from the whole board. **40 mins.**

Next agenda

Divestment conversation, if it's not on the larger agenda.

Finance Committee Agenda
April 2014 UUA Board of Trustees

Total time: 1:15 to 3, 3:15 to 4:30

1. Gathering remarks (**Sarah--5 mins.**)
2. Budget tracking for the board (**Susan--5 mins.**)
 - a. We will go slightly over budget this year. Off-site meetings are much more expensive than Boston meetings. Will this change next year?
3. Financial Advisor's report with questions (**Larry--20 mins.**)
 - a. Messaging around the decline in numbers
 - b. Growth in key areas
4. Budget overview (**Peter--15 mins.**)
5. Treasurer's report (**Tim--20 mins.**)
5. Approval of the FY2015 UUA Budget (**Tim to present, Sarah to moderate--40 mins.**)
 - a. We will approve the budget and monitoring 2.6 on Sunday. Need a FC motion.

BREAK

6. Finish budget discussion if necessary (**15 minutes**)
7. Continuing conversation on the Board's role in monitoring APF. Analysis of data gathered from conversations with ministers, input from Stewardship/Development staff, and consideration of whether or not the Board should return to setting the APF rate. We will also receive an update on Board support for Friends of the UUA and the Comprehensive Campaign. (**Sarah/Susan/James/Vail--60 mins.**)
 - a. The Board has a role to play.
 - b. Should we go back to setting the APF rate?
 - c. Address the feelings. Board conversations can be powerful.
 - d. A "Generosity GA". Or at least more opportunity for conversation at GA, even in business sessions. More generative than votes on bylaws and business resolutions.
 - e. "The best way we can give other people the church experience that you've had is by giving to the UUA."--Rob E-I

Here's what I'm hearing: setting the APF rate would be hard to do, and would take a great deal of authority away from the administration. We are interested in working collaboratively with the Administration to support congregational giving. Take an opportunity at GA to engage with delegates around giving and funding the Ends: LINKAGE. We would like to be invited in strategic ways by Stew/Dev to help support congregational giving: BOARD FIDUCIARY RESPONSIBILITY.

Finance Committee Agenda

June 2014 UUA Board of Trustees

Tuesday June 24, 10:15 to 11:00 a.m.

1. Gathering remarks (Sarah Stewart)
2. Budget tracking for the Board (Susan Weaver)
3. Treasurer's report, including update on the status of the UUCEF LLC (Tim Brennan)
4. Amend UUCEF LLC bylaws (Sarah Stewart and Tim Brennan)

The proposed change is to the "Eligible Investors" section of the UUCEF LLC bylaws:

Eligible Investors

The UUCEF may accept investments from the following:

1. The UUA;
2. Unitarian Universalist (UU) congregations in good standing;
3. UUA districts and regions;
4. UU Related Organizations, specifically including but not limited to Associate Member Organizations, Sponsored Organizations, Professional Organizations, Theological Schools, Independent Affiliate Organizations (and their member organizations), and International Organizations; ~~and~~
5. ~~Other UU organizations approved by the UUA Board of Trustees following application to the Treasurer.~~

The Treasurer shall report to the UUA Board of Trustees quarterly on any UU Related Organizations which have become investors in the UUCEF in the previous quarter.

And we need to make the same change in Appendix 2B of our policies, which is still in effect. You can see the whole appendix here:

<http://www.uua.org/uuagovernance/manual/limits/appendices/183775.shtml>.

The UUCEF accepts investments from the following:

UU congregations in good standing;

UUA districts;

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Comment [6]:

This was the year that the Board learned of a \$1.3M shortfall in the FY14 budget in June. The FC met early on the morning of Tues. 6/24 (you may remember being there) to discuss what to do. This was some of the most directive work I have done as the FC chair, figuring out what I wanted the Board to do and what I wanted to ask Peter to do. I had written a budget presentation for GA for a May deadline, and had to throw it out and rewrite during the day on Tuesday. This was my original proposed agenda; the real agenda was devoted almost entirely to how we were going to communicate changes in the budget and how we were going to approve a revised budget later in the summer.

UU Related Organizations, ~~specifically~~ including but not limited to Associate Member Organizations, Sponsored Organizations, Professional Organizations, Theological Schools, Independent Affiliate Organizations (and their member organizations), and International Organizations;

~~Other UU organizations approved by the UUA Board of Trustees following application to the Treasurer.~~

The Treasurer shall report to the UUA Board of Trustees quarterly on any UU Related Organizations which have become investors in the UUCEF in the previous quarter.

*Finance Committee Agenda
Board of Trustees of the UUA
October 2014
Prepared by Sarah Stewart*

1. Treasurer's report. 20 minutes. Tim Brennan.
2. Questions for Tim. 5 minutes.
3. Resolution to allow purchase of 24 Farnsworth Street. 5 minutes. Tim Brennan.
4. Financial Advisor's Report. 20 minutes. Larry Ladd.
5. Questions for Larry. 5 minutes.
6. Prepare for a "deep dive" into income assumptions for FY16 in January 2015. 20 minutes. Sarah Stewart.

Reminder: we agreed to this scrutiny of income assumptions so that we can be confident in the budget presented to us in April. Peter will bring whatever resources he thinks will help us do that in January. Goal for October: Identify the questions we would like answered at the January meeting. A starting place:

- An update on Stewardship and Development YTD, especially APF/GIFT, the Life's Calling Campaign, and the Collaborative Campaign. Regarding the Life's Calling Campaign, where are we on:
 - Repaying the \$400K "loan" from the endowment;
 - Raising \$400K to fund a temporarily restricted line item, to be available for the FY16 budget
- What constitutes a large gift?
- What is the contingency plan to cut spending for this year and/or next if income goals are not met?
- Other questions the Board identifies during this discussion.

--What information does Tim rely on to make his income projections quarterly, especially regarding individual gifts? (Susan W.)

--How do our practices around major gifts and forecasting compare to best practices in non-profit budgeting and financial management? Is there any variance there? (Susan R.)

--What kind of risk is built in to our income line items? For instance: do any of those lines rely on just a few major donors? Are they income streams where we have a history of success? (Donna)

- Walk through the line items on the income side of the budget. What are those lines? How risky is each one? (James)
- Best understanding of APF current circumstances and future. (Sarah)
- What are the learnings from the roll-out of GIFT? How does the shift from districts to regions affect fundraising? (Michael)

7. Potential revisions to Policy 2.6 if we want tighter control over the budget. 20 minutes. Sarah Stewart.

This was part of the promise we made to the GA about how we as a Board would take responsibility for last year's deficit and preventing future deficits. Focus especially on Policy 2.6.2:

The President...shall not commit the Association to any initiative that lacks a clear and comprehensive funding plan.

Is this detailed enough? Do we want to require in policy a report on funding plans due every January before the presentation of the budget in April?

8. Report on a process to evaluate the President's performance and compensation. Rob Eller-Isaacs, 5 minutes.

9. Committee and volunteer expense review. Approve a plan to achieve the \$50K in cuts the Board approved in August. Here is a draft plan, for discussion, development and approval at the Board meeting. 45 minutes. Sarah Stewart.

A reminder: this is not final until the Board votes on it, and may yet change. The Board will have the opportunity for robust discussion. I ask Board members to save their thoughts for our meeting. If UUs not on the Board have questions about this agenda item, please contact me at sstewart@uua.org. Guests are welcome to observe any open part of the Board meeting, including the Finance Committee, either in person or via telephone. To make arrangements to attend, please e-mail administration@uua.org.

\$10K Savings through committee meeting economies. Ask all committees to work with Jan Sneegas to identify lower cost hotels for meetings, meeting in UU churches when possible, or meeting at retreat centers. Harlan believes the Board's March meeting in Selma may be \$5-8K cheaper than last winter's meeting in San Diego.

\$10K Advise Commission on Appraisal and Investment Committee to cut one in-person meeting each during FY15.

\$5K Advise Commission on Cross-Cultural Engagement not to hold an in-person meeting during FY15.

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Comment [7]:

We decided not to make any changes.

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Comment [8]:

This is the Board's job, and has yet to be done. The Pres Search Committee has asked us for feedback on compensation for the new President. So this work remains to be done.

\$20K Restrict GA reimbursements to one day of registration, one night in hotel, and travel only for members of committees that meet at GA. This would apply to the following committees:

- Commission on Appraisal
- Nominating
- Presidential Search
- Appointments
- Journey Toward Wholeness Transformation Committee

Note that this does not apply to the Commission on Social Witness, the General Assembly Planning Committee, or the Board.

\$5K Not yet identified, but to come out of the Board's budget. An open discussion on how to achieve this savings.

10. Quick monitoring review. Lew Phinney. 5 minutes.

*Finance Committee Agenda
UUA Board of Trustees
January 2015*

Opening remarks. Sarah Stewart. 2 minutes.

Treasurer's report. Tim Brennan. 10 minutes.

Income "deep dive." Mary Katherine-Morn. 30 minutes.

Some questions the Board had in October 2014:

- What could help APF grow?
- Interim evaluations of GIFT and plans for expansion
- What is our history of receiving major gifts once we have budgeted for them?
- How much risk is present in our income line items?

If there's time, we'll begin discussing the transition of the Finance Committee in the bylaws.

*Finance Committee Agenda
UUA Board of Trustees
March 2015*

Treasurer's report. Tim Brennan.

Reflection and questions on the Memorandum of Understanding among the UUA, Starr King School for the Ministry and Meadville-Lombard Theological School. Sarah Stewart.

