

BOARD OF TRUSTEES MEETING AGENDA

THURSDAY, JANUARY 24, 2019

24 Farnsworth Street, Boston, MA

CLOSED SESSION

6:00 - 7:00	Dinner at 24 Farnsworth
7:00 – 8:00	Vespers
8:00 – 9:00	Check-In
9:00	Adjourn for the Day

V.7



BOARD OF TRUSTEES MEETING AGENDA

FRIDAY, JANUARY 25, 2019

24 Farnsworth Street, Boston, MA

Date 0.00	I Burnel front on Vision Com	I
Pre-9:00	Breakfast on Your Own CLOSED SESSION	
9:00 – 9:30	Welcome and Opening Worship	
9.00 – 9.00	EXECUTIVE SESSION	
9:30 – 11:00 11:00 – 12:00	Board Year in Review: Reflections and Evaluation Officer Elections	
	END CLOSED SESSION	
12:00 - 1:00	Lunch at 24 Farnsworth	
1:00 – 1:30	Introductions and Consent Agenda	
1:30 – 2:15	President's Report	Susan Frederick-Gray Carey McDonald
2:15 – 3:45	Financial Training	Lucia Santini Field Tim Brennan Susan Frederick-Gray Carey McDonald
3:45 – 4:00	Break	
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4:00 - 4:30	Commission on Institutional Change	
4:30 – 5:30	 General Assembly Part 1: Review and What Needs to Be Decided GA Working Group Review Bylaws – What is left over from the last year that needs to be voted on to move and what is coming up? General Session Planning 	
5:30 – 5:45	Check-Out	
0.00 - 0.40	OHOOK Out	
5:45	Adjourn for the Day and <i>Dinner on Your Own</i>	

V.7



BOARD OF TRUSTEES MEETING AGENDA

SATURDAY, JANUARY 26, 2019

24 Farnsworth Street, Boston, MA

Pre-9:00	Breakfast on Your Own	
9:00 – 9:30	Centering and Worship	
9:30 – 10:30	Journey Toward Wholeness Transformation Committee	
10:30 – 12:00	Moderator Role Discussion	
12:00 – 1:00	Lunch at 24 Farnsworth	
1:00 – 2:15	 General Assembly Part 2 Unitarian Universalist Ministers Association (UUMA) Bylaw Shift Associate-Wide Study Guide and Curriculum Development Session 	
2:15 – 2:45	Board Next Steps Including April 2019 and January 2020 Meeting Locations	
2:45 – 3:00	Check-Out and Closing	
3:00	Adjourn & Depart	

V.7 1/24/2019

Board of Trustees

MEETING: December 10, 2018, 8:00 pm, Eastern Time

Pursuant to notice duly given, this meeting of the Board of Trustees of the Unitarian Universalist Association was held via Zoom conferencing.

MEMBERS PRESENT: Tim Atkins, Greg Boyd, Kathy Burek, Mr. Barb Greve (Co-Moderator), Tanner Linden, Manish Mishra-Marzetti, Patrick McLaughlin, Denise Rimes, Christina Rivera (Secretary), Lucia Santini Field (Financial Advisor), Elandria Williams (Co-Moderator), Latifa Woodhouse

ADDITIONAL PARTICIPANTS: Carey McDonald (Recording Secretary & Executive Vice President), Leslie Takahashi, Marcus Fogliano, Debra Gray Boyd, Kim Hampton, Mike Pilman, Viola Abbitt

Meeting Minutes

Co-Moderator Elandria Williams started the meeting at 8:03 pm. Members and participant offered a brief personal check-in.

The Board unanimously approved the minutes from the November meeting through the consent agenda.

Board Members and Vacancies

Christina Rivera shared that she has resigned from the Board of Trustees, effective December 31. The Board offered appreciation for Christina's dedication and service. Co-Moderator Mr. Barb Greve noted that the Appointments Committee will work to fill Christina's spot, and invited Board members who were interested in serving to complete Christina's term as secretary to be in conversation with the Co-Moderators.

Executive Committee Report

The Executive Committee, consisting of the Vice Moderator, Financial Advisor, Secretary and Financial Secretary, gave a report about its recommendations for improving the process and functioning of the Board, and facilitating effective cooperative leadership with the Co-Moderators. Acknowledging the Board committed to avoiding independent decision-making by the Executive Committee, the Executive Committee members described their report as instead framing suggestions for a self-evaluation process for the Board as a whole to determine.

Discussion acknowledged the need for assessment around orientation for new Board members, recognizing it can be a steep learning curve for new members around process and expectations. Co-Moderator Williams agreed to follow-up with Latifa Woodhouse to address any additional orientation questions that were not addressed at the October Board meeting.



General Assembly Report

Executive Vice President Carey McDonald, along with Co-Moderators Williams and Mr. Barb Greve and Vice Moderator Denise Rimes, shared an update of how the Board and administration had working together with the General Assembly Planning Committee in a new collaborative process for planning General Assembly 2019 and the arc of experience for attendees. They said that the grid schedule is close to final, and that the planning group will meet again later in the week with Worship Arts Team and Commission on Institutional Change to finalize the planning process for thematic program blocks. They described GA 2019 as offering new opportunities to go into deeper discernment and reflection, providing the foundation of future changes to the Association's direction and structure. Board members also reaffirmed the need to connect during planning with GA Youth volunteer leaders and ensure they are a part of the process.

UUA staff updates

EVP Carey McDonald shared staff updates with the Board. He noted that the staff from all five regions was in Boston the previous week for their annual meeting, which this year focused on learning from experience of congregations who had committed to becoming intentionally multicultural. EVP McDonald also described recent staff reorganization of the Multicultural Growth and Witness staff group to split into an Organizing Strategy Team, the Special Advisor for Inclusion, Equity and Change, and the merge of Multicultural Ministries into the Ministries and Faith Development Staff group.

It was noted the Dr. Janice Marie Johnson has been appointed Co-Director of Ministries and Faith Development. Board members discussed how these staff shifts will better equip staff groups for collaboration around the UUA's mission priorities.

Executive Session

Tim Atkins moved, Patrick McLaughlin seconded, and the Board unanimously approved a move into Executive Session at 9:13 pm to address Board dynamics and the report from the Executive Committee. The meeting was adjourned at 10:15 pm.

Respectfully submitted,

/s/ Carey McDonald

Recording Secretary



BOARD OF TRUSTEES SCHEDULE

Meeting: January 2019, Boston, MA
 Friday, January 25—Saturday, January 26, 2019

Videoconference Meeting: February 11, 2019

8:00 p.m. - 9:30 p.m. (Eastern)

Meeting URL: http://zoom.us/j/985901272

Meeting ID: 985 901 272

Join by Phone: +1 646-558-8656

• Videoconference Meeting: March 11, 2019

8:00 p.m. - 9:30 p.m. (Eastern)

Meeting URL: http://zoom.us/j/614125629

Meeting ID: 614 125 629

Join by Phone: +1 646-558-8656

Meeting: April 2019, Boston, MA

Friday, April 26-Saturday, April 27, 2019

Videoconference Meeting: May 13, 2019

8:00 p.m. - 9:30 p.m. (Eastern)

Meeting URL: http://zoom.us/j/596473699

Meeting ID: 596 473 699

Join by Phone: +1 646-558-8656

Meetings: June 2019, Spokane, WA

Tuesday, June 18—Wednesday, June 19, 2019: Board of Trustees Meeting Wednesday, June 19—Sunday June 23, 2019: General Assembly Monday, June 24, 2019: Board of Trustees Meeting

Meeting: October 2019, Boston, MA

Thursday, October 17—Saturday, October 19, 2019

Meeting: January 2020, Boston, MA

Friday, January 24—Saturday, January 25, 2020

• Meeting: April 2020, Boston, MA

Friday, April 24—Saturday, April 25, 2020

Meetings: June 2020, Providence, RI

Tuesday, June 23—Wednesday, June 24, 2020: Board of Trustees Meeting Wednesday, June 24—Sunday June 28, 2020: General Assembly

Monday, June 29, 2020: Board of Trustees Meeting



AUDIT COMMITTEE CHARTER

[Approved by the Audit Committee on May 17, 2018
[Voted by the Board of Trustees on

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.

AUTHORITY

The Board of Trustees of the Unitarian Universalist Association (UUA or Association) established the Audit Committee at its April 26-27, 2003 meeting.

The 2006 General Assembly established the Audit Committee as a Committee of the Board of Trustees by adding Sections 7.14 and 10.13 to the UUA Bylaws.

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any licensed public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all audit and non-audit services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees all of whom are directed to cooperate with the Committee's requests or external parties.
- Meet with the organization's officers, external auditors, or outside counsel as necessary.

COMPOSITION

The composition of the Audit Committee is set forth in Section 7.14 of the UUA Bylaws: "The Audit Committee shall consist of no fewer than four members as follows:

- a. persons appointed by the Board, none of whom are members of the Board or hold a salaried position with the Association ["independent members"]; and
- b. the Financial Advisor.

No member of the Audit Committee shall serve for more than four terms on the Audit Committee."

The chair of the committee shall be selected by the Board of Trustees. Except under unusual circumstances, the chair shall be chosen from among the independent members.

Each independent Audit Committee member shall be financially literate. The committee shall designate at least one member as the "financial expert," as defined by applicable legislation, regulation, and best practices.

MEETINGS

The committee shall meet at least three times a year. The chair may convene additional meetings as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference or videoconference. The committee shall invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It shall hold private meetings with auditors (see below) and executive sessions. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes shall be prepared and published in a timely manner.

RESPONSIBILITIES

The duties of the Audit Committee are set forth in Article X, Section 10.13 of the UUA Bylaws:

"The Audit Committee shall oversee the annual audit of the financial statements of the Association by an independent certified public accounting firm and monitor the establishment and implementation of accounting policies and internal controls. Specific duties of the Audit Committee shall be set forth in a charter adopted by the Board which may be amended by the Board from time to time."

The Audit Committee shall carry out the following responsibilities to accomplish its charge:

Oversight of the Financial Reporting Process and System of Internal Control

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- As applicable, review other sections of public reports and related regulatory filings that include financial information before release and consider the accuracy and completeness of the information.
- Consider the effectiveness of the Association's internal control system, including information technology security and control.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Oversight of the External Auditors' Qualifications, Independence and Performance

- Meet at least twice annually with the independent auditors to discuss all matter required to be communicated to the audit committee under generally accepted auditing standards. The committee may request the presence of members of management or others to attend these meetings and provide pertinent information as necessary. Such matters include but are not limited to:
 - Review of the external auditors' proposed audit scope and approach, including coordination of audit effort with management.

- o Review of any significant changes to the auditors' work plan as initially approved by the committee.
- o Review of the auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the UUA.
- Review and confirmation of the independence of the external auditors by obtaining statements from the auditors about relationships between the auditors and the Association, including nonaudit services, and discussing the relationships with the auditors.
- Review of the results of the audit, including any difficulties encountered, any audit adjustments proposed, any identified deficiencies in internal control, and any significant or unusual transactions.
- Answer external auditors' questions, including those about the Association's risks (including fraud) and whether Committee members have knowledge of non-compliance or fraud.
- Resolve any disagreements between management and auditor regarding financial reporting.
- Review the performance of the external auditors, and make recommendations to the Board of Trustees concerning the appointment, compensation, and discharge of the auditors.
- Meet at least annually in executive session with the external auditors to discuss matters relevant to the Committee's responsibilities that the committee or auditors believe should be discussed privately.
- Meet, at least annually, with the Executive Vice President, the Treasurer and Chief Financial Officer, and other staff as appropriate to discuss matters related to the committee's responsibilities, including management's evaluation of the work performed by the independent auditor.
- Provide an open avenue of communication between the external auditors and the Board of Trustees.

Oversight of the Association's Compliance with Laws, Regulations and the Code of Ethics

- Recommend to the Board of Trustees the following policies for all staff and volunteers, recommend changes as needed, and ensure the UUA's adoption of and compliance with the policies:
 - o Conflict of Interest Policy
 - Whistleblower Policy
 - Ethics Policy(ies)
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review procedures and receive reports for the receipt, retention and treatment of complaints and issues raised through the ethics hotline and employee complaints protected under the Association's

Whistleblower Policy.

- Ensure that more than inconsequential improprieties or potential improprieties in the UUA's operations are investigated and resolved.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain the advice of outside professionals (including but not limited to retention of special legal counsel) to advise the committee on matters within the scope of its charge.
- Institute and oversee special investigations as needed.
- Seek any information it requires from external parties or Association employees, all of whom are directed to cooperate with the committee's requests.
- Designate a committee member to review the president's travel and expense reimbursement reports at least semi-annually.

Oversight of the Association's Risk Management Practices

- Obtain from management an assessment of the potential for or actual occurrences of noncompliance and/or fraud within the organization. Such reports should include, among other
 things, the Association's process for communicating the risk management policies and Code of
 Conduct to employees and officers, and the Association's investigation and follow-up regarding
 instances of non-compliance and/or fraud.
- Discuss with management the Association's major risk exposures, including but not limited to
 information technology exposures, financial exposures, legal exposures and operational exposures,
 and the steps management had taken to monitor and control such exposures, including the
 Association's risk assessment and risk management policies and internal control and governance
 processes.
- Periodically monitor risks and risk management capabilities within the organization, including communication about escalating risks and crisis preparedness and recovery plans.
- Recommend to the Board of Trustees changes in governance, risk management, and compliance processes, structures, policies, or procedures that would minimize risk to the Association.

Reporting

 Regularly report to the Board of Trustees about committee activities, issues, and recommendations. • Carry out the committee's responsibilities to report to the Board of Trustees the results of the annual financial statement audit, as required by Section 3.2.5 of the Board's Governance Policy Manual:

"Upon completion of the audit, the Board will meet with the chair of the Audit Committee to receive a report that discusses the audit and the auditors' management letter. Prior to this meeting, the Audit Committee will provide the Board with a written report, for publication on the UUA website, containing the key findings of the audit, including any finding of a serious accounting or management weakness."

 Report annually to the member congregations, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

Other Responsibilities

- Perform other activities related to this charter as requested by the board of trustees.
- Review and assess the adequacy of the audit committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the audit committee's and individual members' performance on a regular basis.
- Assist the Trustees of the UUA Employee Benefits Trust (EBT) in the following ways:
 - O Recommend the selection of an auditing firm
 - Review the EBT audit and make comments and recommendations to the UUA Board of Trustees and to the EBT Trustees
 - Respond to requests from the EBT Trustees or the EBT Trust Committee for assistance on financial, operational, or other issues

Changes in Congregational Status January 2019 UUA Board of Trustees Meeting

ITEMS FOR INFORMATION, AND REPORTING TO THE BOARD:

River Raisin Unitarian Universalist Fellowship, Adrian, MI has been recognized as a Covenanting Community.

Minnesota Unitarian Universalist Social Justice Alliance (MUUSIA) of Minneapolis, MN has been recognized as a Covenanting Community

Brockport Unitarian Universalist Fellowship, Brockport, NY voted on December 9, 2018 to dissolve as soon as possible but no later than the end of this fiscal year (June 30, 2019).



Heather Bond Budget and Safe Congregation Manager Congregational Life

President's Report to the Board of Trustees

Susan Frederick-Gray January 22, 2019

President's Calendar

The first half of the FY 2019 year was spent largely on the road for the major donor phase of the Promise and the Practice Campaign. In addition, justice and witness trips included two trips to the US's southern border, a presence at the Senate building during Dr. Christine Blasey Ford's testimony in the Brett Kavanaugh Supreme Court confirmation hearings, and Get Out the Vote efforts in Florida (Yes on 4) and Ohio (Yes on 1) for ballot initiatives focused on expanding voting rights and combatting mass incarceration. It was powerful to be a part of the success of Issue 4 in Florida, the Second Chances Amendment, that restored voting rights to nearly 1.4 million people. In Ohio, while ultimately unsuccessful at the ballot, our national presence helped bring attention to Issue 1 which would have reclassified low level non-violent drug possession from felonies to misdemeanors and to strengthen and support the local partnerships between congregations, the statewide UU advocacy group (UU Justice Ohio), and local grassroots organizing efforts.

My schedule for the second half of FY 2019 is already planned with a focus on congregational visits and attendance at organizational leadership events. This will include approximately 10 congregational visits and attending parts of the TRUUST (Transgender Religious professionals Unitarian Universalists Together) retreat, the Finding Our Way Home retreat (for UU religious professionals of color), the Mid America Regional Assembly, SMOLUUC gathering (Senior Ministers of Large UU Congregations), the 175th Anniversary gala for Meadville Lombard Theological School, and General Assembly in Spokane.

Highlights

In this section, I share high level challenges or changes at the UUA, along with any action items or follow up on previous actions.

Ministerial Misconduct and Congregational Conflict

In all the UUA's systems for supporting, investigating and resolving conflicts or complaints with religious professionals and their congregations, we are tracking a considerable increase. Reports through our Office of Safety and Ethics tripled last year, and the Ministerial Fellowship Committee continues to have a high-water number of ongoing misconduct investigations this year. Each of these cases consumes an extraordinary amount of staff time and energy, requiring clear communication, professional skill, and compassion and care for those involved, because each represents a problem that was complex enough to rise to the level of UUA involvement.

Our goal is to help all parties move towards health and clarity in these situations, and to help the leaders involved figure out their path forward while avoiding future problems. There are likely multiple causes for the increase, including changes in the wider culture demanding accountability around gender, race, bullying and power dynamics. We believe it also represents

a backlog of urgent need that is now arising because more leaders see the UUA as a helpful partner in taking these concerns seriously and in moving towards resolution and accountability. As a result, we have shifted more staff time and consultant costs into these systems to address this increased demand and anticipate these numbers will continue to rise. We are also exploring restorative justice approaches as another tool or pathway for addressing harm and promoting healing in these cases.

Ministerial Search, Settlement and Departure

The search for a new minister is one of the most high-investment functions that the UUA provides for congregations. Along the spectrum of search, settlement and departure, we are investing in better systems and smoother process. In 2019, we are implementing a new, easier to use online interface for congregations and ministers in search, updating the previous system that dated from the 1990's. We are widening participation in the UUA's Beyond Categorical Thinking (BCT) program to promote inclusive and non-discriminatory hiring practices. In 2018, of the 33 settled ministers, 32 came to congregations which had completed BCT; of the congregations in search who failed to find a settled minister, 75% did not sign up for the BCT program. A new draft of UUA's fair compensation standards, which apply to all congregational staff, is currently being reviewed. This draft reflects the current reality of congregational staffing structures and provides more flexible guidance for new configurations.

Finally, we have invited the UU Ministers Association and the Liberal Religious Educators Association into dialogue about how to improve the UUA's Review Team process, which can hold ministers from future search if there is cause for concern. We are committed to making the process more counter-oppressive by getting more honest assessment of ministers who engage in bullying and bad behavior, and by supporting ministers who are abused by their congregations, including because of their identity.

Update on proposal from DRUUMM (Diverse Revolutionary UU Multicultural Ministries) Several meetings have taken place between the Executive Committee of DRUUMM and UUA executive leadership (Carey McDonald and SFG). The UUA has contributed \$50,000 to DRUUMM for this fiscal year and provided for in-house administrative support.. Conversations are ongoing to implement consistent and ongoing support from DRUUMM, including the development of a Memorandum of Understanding between the UUA and DRUUMM to clarify our ongoing mutually supportive relationship. Additional information is included in Memorandum to the Board from EVP, Carey McDonald.

Proposal for reimbursement of foregone income for Board service

This past year, the Board has been in conversation about how to support our intentional goals of having a Board that represents the broad diversity of our faith, and the financial burden that our extended multi-day meetings can create. In January, Carey McDonald, Tim Brennan (CFO) and I agreed to consult with legal counsel and bring a proposal which provides limited reimbursement for income forgone in Board service. The proposal is included as a separate proposal to this report.

Promise and the Practice Campaign

As of January 15, 2019, we have raised \$4.2 million toward the Board's \$5 million commitment to Black Lives of Unitarian Universalism. At the April Board meeting, Carey McDonald, Tim Brennan and I will present a more comprehensive report of the campaign, including fundraising income and expense totals and projections. Our goal, as the staff, remains that we fulfill this commitment by the end this fiscal year (June 30, 2019).

Staff Transitions and Hiring

A considerable amount of time continues to be invested in hiring at the UUA. I am delighted that the Rev. Lauren Smith will begin as the Director of Stewardship and Development on February 4th. We expect to have completed the hiring of a new International Director in the next month. Now our attention is turned to launching the hiring process for a new Treasurer and Chief Financial Officer.

In addition, we have had exciting transitions and changes within the UUA. In particular, we are welcoming Dr. Janice Marie Johnson as Co-Director of Ministries and Faith Development, Rev. Elizabeth Nguyen as the Director of the Organizing Strategy Team, a new configuration to our justice and witness ministries, and Gail Forsyth-Vail as the Interim Director of the Faith Development Office.

Policy on Reimbursement of Foregone Income for Board Service

Rationale:

Under the by-laws of the Association, members of the Board of Trustees, with the exception of the president, may not be compensated, but they may be reimbursed for "out-of-pocket expenses". According to UUA general counsel Tom Bean, as this term is used in the law, it does not include reimbursement of foregone income. Furthermore, in Massachusetts the attorney general's office has strongly discouraged the compensation of nonprofit boards. 2

The Board has addressed reimbursement of out-of-pocket expenses in its Procedures Manual (Appendix 3D to Section 3 of Board Policies) Section 3.9.2 as follows: "Only prudently incurred expenses related to volunteer service on behalf of the Board are reimbursable from the Association budget. The Board shall comply with all provisions of the Association's expense reimbursement policies that are applicable to volunteers who serve on committees."

However, the UUA by-laws, Section 9.4(b) charges the Nominating Committee to "endeavor to nominate individuals so that the membership of the Board of Trustees and each elected committee reflects the full diversity of the Association." The Board's extended meetings — multiday meetings which require in-person attendance — are especially difficult. In order to have an economically diverse board, we recommend that in certain circumstances board members receive limited reimbursement for income forgone in order to fulfill their duties at extended meetings. UUA general counsel has endorsed this approach because it is consistent with organizational goals and UU values and consonant with UUA bylaws. Note that the purpose of this policy is not to compensate Board members with limited income for their service as Board members. Rather, it is to ensure the economic diversity of the Board by enabling such Board members to serve without foregoing income they otherwise would have earned had they not been physically present for required extended meetings, including quarterly board meetings and General Assembly.

¹ Section 6.14 of the UUA by-laws. "Compensation. Except for the President, members of the Board of Trustees shall not receive compensation for their services but shall be reimbursed as determined by the Board of Trustees for the expenses reasonably incurred by them in the performance of their duties."

² Massachusetts Governance Principles, Lex Mundi Pro Bono Foundation www.lexmundiprobono.org (September 2013). The Non-Profit Organizations/Public Charities Division of the Massachusetts Office of the Attorney General's "compensation initiative also included a review of the practice of compensating independent directors for their service to charitable organizations. In this regard, the Division stated that public charities that compensate independent directors should do so only if they have a sound and convincing rationale. Legislation was introduced (but not enacted) in 2012 and 2013 that would have required Massachusetts-based public charities to apply for approval from the Division in order to provide compensation to independent directors and trustees for their service in those roles."

³ UUA by-laws Section 9.4(b): "The Nominating Committee shall endeavor to nominate individuals so that the membership of the Board of Trustees and each elected committee reflects the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The Nominating Committee shall consult with groups and organizations including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the nominating process."

Recommended addition to Policy 3.9:

The Board affirms that while volunteer service does entail sacrifice, service on the UUA Board should not cause an undue personal hardship. Therefore, in order to have an economically diverse board, in certain circumstances, Board members may receive limited reimbursement for income forgone in the course of fulfilling their duties at extended meetings. This includes attendance at quarterly board meetings and General Assembly.

Appendix to Policy 3.9 - Guidelines

To ensure that persons from diverse socio-economic groups may serve on the Board, the Board shall reimburse Board members for foregone income as follows:

- Reimbursement payments are made available for members who need them to enable
 their full participation in the work of the Board at extended meetings required for Board
 service, including quarterly Board meetings and General Assembly. While service as a
 Board member in other circumstances can include shorter video Board calls, visiting
 congregations, and attending conferences and meetings, these are generally not eligible
 for reimbursement under this policy.
- 2. The payment shall be at a flat rate up to eight hours daily, calculated as the hourly wage of a standard work week at four times the federal poverty guidelines⁴ for a family of one issued in January by HHS⁵. In 2018, this would be \$23.34 per hour or \$186.77 per day for contract work.
- 3. This policy applies to reimbursement of foregone income that would have been earned through hourly wages or on a contract basis, for Board members earning up to four times the federal poverty guidelines for a family of one. It does not apply to salaried individuals or those who earn above the income threshold, except in extraordinary circumstances.
- 4. Total amount spent annually for all such qualifying board members shall be limited to a budgeted amount set by the Board.
- 5. Board members wishing to receive reimbursement for foregone income will complete a request form and submit it to the Executive Vice President. The form will include annual income, forgone income, and the hourly wage or contract services rate. Members so requesting compensation for lost income will be required to provide evidence of such.
- 6. The request form may be submitted in advance of the Board meeting triggering the request.
- 7. Disputes about the implementation of this policy will be resolved by the Audit Committee.

⁴ This is the same standard used by the Affordable Care Act.

⁵ Federal Poverty guidelines for 2018 specify a threshold of \$12,140 for a family of 1.

MEMORANDUM

To: UUA Board of Trustees

From: Carey McDonald, Executive Vice President

Subject: Update on UUA, DRUUMM Collaboration

Date: January 23, 2019

This memorandum is to update the UUA Board of Trustees on planning that has taken place between UUA staff and leaders of Diverse and Revolutionary UU Multicultural Ministries (DRUUMM) since the October 2018 Board meeting. At that meeting, DRUUMM leaders approached the UUA Board with a substantial request for ongoing financial support, recognizing how much it has taken from volunteer DRUUMM leaders over decades to keep the organization going as a network of UU people of color. In October, UUA administration leaders agreed to start working with DRUUMM to secure the support that DRUUMM needs for the next phase of its ministry, a key aspect of advancing the UUA's commitment to countering white supremacy culture and create a faith community in which people of color can thrive. Together, our organizations agreed to report back at the January meeting on progress.

Immediately following the October meeting, in response DRUUMM's requests, the UUA provided a \$50,000 cash grant, temporary administrative support and access to the UUA's travel agent.

In the past two months, UUA and DRUUMM leaders met three times virtually, on November 30, January 10 and January 16. Participants from DRUUMM included Sana Saaeed, Ranwa Hammamy, Ben Gabale, Theresa Soto and William Lester. Participants from the UUA included Susan Frederick-Gray, Carey McDonald, Janice Marie Johnson, Michael Crumpler and Marisol Caballero (who is also a DRUUMM leader). Conversations affirmed the shared commitment to rebuilding relationship between the UUA and DRUUMM which had been frayed since the UUA's defunding of DRUUMM in 2006, as well as the alignment of our two organizations' missions and our need to work together to support UU people of color. Since then, DRUUMM has also secured a grant from the UU Funding Program to support its administrative "Administry" work, as well as its local organizing of DRUUMM members.

Currently, the UUA and DRUUMM have agreed on the following direction moving forward:

- Work towards a Memorandum of Understanding that will specify mutual commitments (missional, financial, administrative, communications, relational and covenantal), to be signed later this spring
- Secure a fiscal sponsor for DRUUMM
- Under the MOU, the UUA will provide:
 - Administrative support from a UUA staff member for DRUUMM (1-2 days per week), at least until DRUUMM is able to secure its own staff through a fiscal sponsor, and possibly after that point as well; additional in-kind administrative

- support may include accounts within the UUA budget to streamline financial processing, communication amplification of DRUUMM opportunities, and access to the UUA's travel agent
- Programmatic support for DRUUMM through the liaison role held by Michael Crumpler, LGBTQ and Intercultural Programs Manager (Rev. Crumpler will also assist DRUUMM in planning for General Assembly 2019); additional in-kind administrative support may include programmatic collaboration with other UUA staff, and consulting with DRUUMM leadership on key issues such as information technology and financial management
- Annual financial support, at a minimum of the amount provided to DRUUMM this year (\$50,000) for future fiscal years.
- DRUUMM will provide
 - A growing ministry to and with UU people of color, including through regional gatherings, identity-based caucusing opportunities and local organizing groups, as well as through other opportunities and initiatives as determined by the DRUUMM Steering Committee
 - Ongoing and regular communication with the UUA
- Together, the UUA and DRUUMM will work to:
 - Create opportunities for people of color to connect around existing UUA events, such as General Assembly or regional assemblies
 - Develop support systems for UU lay leaders of color
- UUA and DRUUMM leaders covenant to support one another, and to create norms for how we will interact that center the needs of people of color, that avoid DRUUMM leaders needing to address white fragility, and that honor our commitments with honesty, transparency, care and understanding

On behalf of the team collaborating on this agreement, we welcome an affirmation of the Board to proceed in this direction, and an affirmation of the dedication, sacrifice and leadership which many generations of DRUUMM leaders have given on behalf of their community and Unitarian Universalism as a faith movement.



Financial Training

UUA Board of Trustees – January 2019



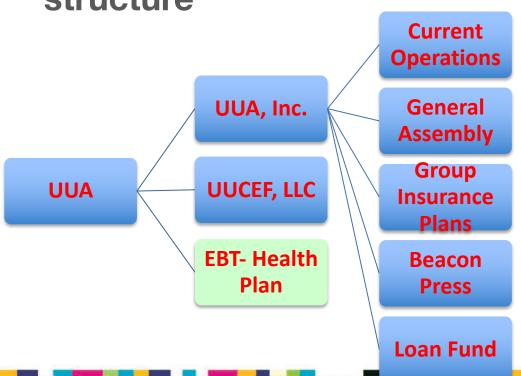
- Financial Overview
 - I. Budgeting and Forecasting
 - II. Investments
 - III. Audits
- Group Discussions
- Long Term Strategy
- FY19 2Q Forecast



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



- 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



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



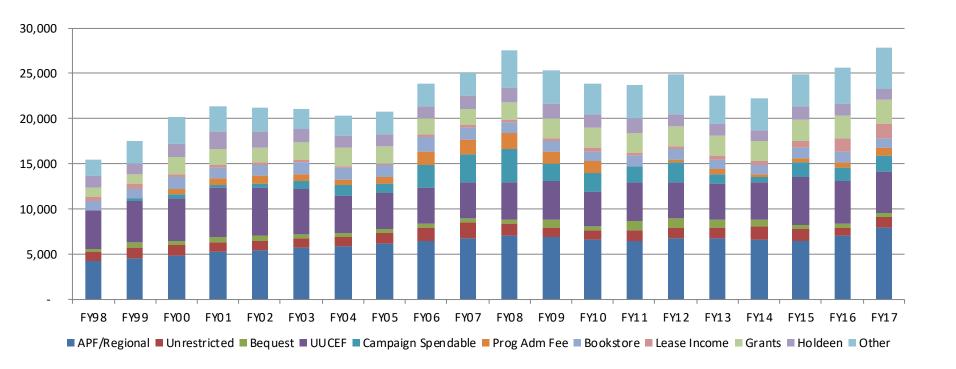
LONG TERM STRATEGY

Budget context – UUA Fiscal History

UUA Operating S	Statement	ts							
(in thousands of									
(III thousands of		EV2017	EV2016	EV201E	EV2014	EV2012	EV2012	EV2011	EV2010
	FY2018	F12017	F12010	F12015	F12U14	F12013	FYZUIZ	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>	26,877	27,204	26,487	<u>25,102</u>	25,012	25,613	24,867	<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
70000											
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)	

	С	D	Е	F	G	Н	ı
2	Unitarian Universalist Association	FY17	FY18	FY19	FY19	FY19	Percent
3	Budget Overview	Results	Results	Budget	1Q19 Fcst	2Q19 Fcst	
4	Current Operations						G to H
5							
6	\$ in Thousands						
7	Income:						
8	Income for General Support						
9	Annual Program Fund	6,376	6,474	6,760	6,500	6,436	-1.0%
10	Annual Program Fund - Regional	1,559	1,600	1,659	1,659	1,624	-2.1%
11	Unrestricted Gifts	1,169	1,141	1,199	1,199	1,199	0.0%
12	Leadership Annual Giving Bequest Income	40 500	296 303	600 500	400 500	400 200	0.0% -60.0%
	Administrative Fees	2,416	2,275	2,303	2,306	2,277	-1.2%
	Investment Income	2,410	2,769	2,858	2,858	2,277	0.4%
	Publications Income	1,228	1,131	1,262	1,262	1,230	-2.5%
17	Net Lease Income	978	979	1,012	1,016	1,002	-1.4%
18	Other Current Fund Income	460	465	533	512	534	4.2%
19	Total Income for General Support	17,697	17,433	18,686	18,212	17,772	-2.4%
20		,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,		,	
	Income for Designated Purposes						
22	Campaign Income	1,931	1,067	1,105	1,103	1,131	2.6%
23	UUCSR Veatch Grants	2,465	2,493	2,562	2,508	2,537	1.2%
24	Grants and Scholarships	979	884	877	877	877	0.0%
	Ministerial Aid Funds	522	512	449	449	449	0.0%
	Holdeen and International Trusts	1,343	1,490	1,530	1,779	1,764	-0.8%
27	Income for Other Purposes	2,292	3,151	2,541	2,698	2,393	-11.3%
28	Total Inc for Designated Purposes	9,532	9,596	9,064	9,413	9,151	-2.8%
29	Total Income	27,229	27,030	27,750	27,625	26,923	-2.5%
30	_						
31	Expenses:	400	F 4.4	710	745	700	4.00/
32	Board & Volunteer Leadership	482	541	712	715	728	1.9%
	Programs:						
	Program and Strategy Office	582	10	0	0	0	0.0%
	Multicultural Growth and Witness	1,071	1,193	1,230	1,228	612	-50.2%
	International Programs	1,451	1,593	1,519	1,865	1,860	-0.3%
		5,474	4,719	5,392	5,376	5,175	-3.7%
	Ministries and Faith Development	4,967	5,025	4,961	4,936	5,254	6.4%
	UU Funding Program	1,392	1,350	1,391	1,391	1,413	1.6%
41	Crisis Relief & Misc. Programs	440	1,184	390	474	346	-26.9%
42	Communications	2,672	2,679	2,946	2,909	2,848	-2.1%
43							
44	Total Programs	18,049	17,752	17,829	18,178	17,508	-3.7%
45						-	
	Administration	1,962	1,694	1,502	1,517	2,009	32.4%
47	Contingency/Salary Increase	0	0	527	150	150	0.0%
48	Infractions						
		0.040	0.405	0.400	0.074	0.000	4.00/
	Stewardship and Development	2,019	2,185	2,422	2,371	2,269	-4.3%
51 52	Information Technology Services Internal Services	1,463 2,903	1,521 3,002	1,657 3,751	1,613 3,730	1,619 3,696	0.4% -0.9%
53	Total Infrastructure	6,384	6,708	7,830	7,714	7,584	-1.7%
54	i otai iiii asti uotui e	0,304	0,700	1,000	1,11 4	1,504	-1.7 /0
55	Total Expenses	26,877	26,695	28,400	28,275	27,979	-1.0%
56		_0,011	_0,000	_0,100	20,210	2.,0.0	1.070
57	Depreciation Spending	0	0	550	550	550	
58	Church Staff Finances Reserve	0	0	100	100	200	
59							
60	Current Section Excess/(Deficit)	353	335	0	0	(305)	
61							
				_		_	

	D	Е	F	G	Н	I	J
1	Unitarian Universalist Association	FY17	FY18	FY19	FY19	FY19	Percent
2	Forecast Summary	Results	Results	Budget	1Q19 Fcst	2Q19 Fcst	Inc/(Dec)
3	Current Operations Expenses						H to I
5	\$ in Thousands						
	Income:						
	Income for UUA General Support	0.070	0.474	0.700	0.500	0.400	4.00/
	Annual Program Fund Annual Program Fund - Regional	6,376 1,559	6,474 1,600	6,760 1,659	6,500 1,659	6,436 1,624	-1.0% -2.1%
	Unrestricted Gifts	1,169	1,141	1,199	1,199	1,199	0.0%
	Leadership Annual Giving	40	296	600	400	400	0.0%
	Bequest Income Administrative Fees	500 2,416	303 2,275	500 2,303	500 2,306	200 2,277	-60.0% -1.2%
	Endowment Income	2,410	2,769	2,303	2,858	2,277	0.4%
	Publications Income	1,228	1,131	1,262	1,262	1,230	-2.5%
	Net Lease Income	978	979	1,012	1,016	1,002	-1.4%
17 18	Other Current Income	460 17,697	465 17,434	533 18,686	512 18,212	534 17,772	4.2% -2.4%
	Income for Designated Purposes	17,097	17,434	10,000	10,212	17,772	-2.4 /0
	Campaign Income	1,931	1,067	1,105	1,103	1,131	2.6%
	Veatch Grants	2,465	2,493	2,562	2,508	2,537	1.2%
	Grants and Scholarships Ministerial Aid Funds	979 522	884 512	877 449	877 449	877 449	0.0%
	Holdeen & International Trusts	1,343	1,490	1,530	1,779	1,764	-0.8%
25	Income for Other Purposes	2,292	3,151	2,541	2,698	2,393	-11.3%
26		9,532	9,596	9,064	9,413	9,151	-2.8%
27 28	Total Income	27,229	27,030	27,750	27,625	26,923	-2.5%
	Board & Volunteer Leadership						
	Board of Trustees	185	250	401	401	412	2.9%
_	Board Committees Board Task Forces	83	77 1	82 5	82 5	82 5	0.0%
	Moderator Moderator	26	34	34	34	34	0.0%
	Nominating Committee	28	25	25	25	25	0.0%
	Commission on Appraisal Ministerial Fellowship Committee	20 108	19 114	20 109	23 111	23 111	0.0% 0.0%
	Commission on Social Witness	28	20	36	36	36	0.0%
	Total Board & Volunteer Leadership	482	541	712	715	728	1.9%
39	Programs:						
	Program Strategy Office (former Growth Strategies)	582	10	0	0	0	0.0%
42						2.12	
43	Multicultural Growth and Witness	1,071	1,193	1,230	1,228	612	-50.2%
	International Office	198	235	208	296	287	-3.0%
	Holdeen International Partners	150	155	160	160	155	-3.3%
	Holdeen India Program UU-UNO	826 277	928 275	892 259	1,137 272	1,150 268	1.1% -1.4%
	Total International	1,451	1,593	1,519	1,865	1,860	-0.3%
50	Communities						
	Congregational Life Congregational Life	1,523	1,388	1,438	1,415	1,399	-1.1%
53	Southern Region	1,080	897	1,219	1,235	1,118	-9.5%
	New England Region	1,188	852	1,045	1,063	1,010	-5.0%
55	Central East Region Office of Congregational Stewardship Services	1,623 59	1,560 22	1,655 35	1,628 35	1,613 35	-0.9% 0.0%
	Total Congregational Life	5,474	4,719	5,392	5,376	5,175	-3.7%
58							
	Ministries and Faith Development Resource Development Director	159	214	207	206	99	-52.2%
	Resource Development Office	486	548	525	505	524	3.8%
62	Youth and Young Adult Ministries	633	643	601	600	600	-0.1%
	Director of Ministries and Faith Development Multicultural Programs	487	416 0	462 0	464 0	605 296	30.4% 100.0%
	Director of RE Credentialing	18	0	0	0	0	0.0%
66	Director of Ministerial Credentialing	189	195	192	192	172	-10.2%
	Director of Transitions Office of Church Staff Finances	315 648	318 671	326 729	305 736	305 725	0.2% -1.5%
	Office of UUA Health Plan	242	216	219	219	221	1.0%
70	Director of Professional Development	222	212	222	217	218	0.3%

Unitarian Universalità Association FY17 FY18 FY19 Communication Foresatt Summary Results R		D	Е	F	G	Н	I	J
Current Operations Expenses	1	Unitarian Universalist Association	FY17	FY18	FY19	FY19	FY19	Percent
Total North Program Total								
Total North Program Total	3	Current Operations Expenses						H to I
73 Continuing Education		•	0	50	56	70	68	
74 Aid Funds	72	Scholarships and Ministerial Ed Grants	334	329	311	311	311	0.0%
75 Parel on Theological Education								
To To Uniform To Uniform To Uniform Unif								
Total Program	_							
1,992	_	Total Ministries and Faith Development	4,967	5,025	4,961	4,936	5,254	6.4%
79 Criss Relief & Misc. Programs 440		LILL Funding Program	1 202	1 250	1 201	1 201	1 112	
SO SO SO SO SO SO SO SO			,					-26.0%
SI Communications Si Si Si Si Si Si Si S		Orisis (Cited & Misc.) Tograms	770	1,104	330	7/7	340	-20.570
Section Sect		Communications						
83 Periodicals Office			358	419	531	530	532	
STATE 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985 1985	83		923	915	973	946	910	-3.8%
Section 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,	84	Publications Administration	570					
87 Total Programs								
18 Total Programs 18,049 17,752 17,829 18,178 17,508 -3,7%		Total Communications	2,672	2,679	2,946	2,909	2,848	-2.1%
89 Administration	_			_				
90 Administration		Total Programs	18,049	17,752	17,829	18,178	17,508	-3.7%
91 Office of the President 797 502 510 510 511 0.3% 20 Office of the Executive Vice President 615 715 583 583 1,051 80.3% 32 Onfingency Expense 0 0 0 377 0 0 0.0% 43 Salary Increase 0 0 0 150 150 150 150 0.0% 44 Salary Increase 550 478 409 425 446 5.2% 52								
192 Office of the Executive Vice President 615			707	500	F10	510	E44	0.20/
30 Contingency Expense 0 0 0 377 0 0 0 0.0%	_							
Total Stewardship and Development 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650 1,650	_						,	
95 Human Resources 550 478 409 425 446 5.2% 96 Total Administration 1,962 1,694 2,029 1,667 2,158 29.4% 97 98 Infrastructure:								
Total Administration	_		-					
197 198 Infrastructure:								
Stewardship and Development 280 552 604 627 618 -1.5%			1,000	1,001	_,,,	1,001	_,	
100 Vice President, Development 280 552 604 627 618 -1.5% 101 APF Campaign 345 373 472 475 473 -0.4% 102 Friends Campaign 287 317 408 397 350 -11.9% 103 Charitable Gift and Estate Planning 227 331 342 316 313 -1.0% 104 Comprehensive Campaign 879 613 596 555 515 -7.3% 105 Total Stewardship and Development 2,019 2,185 2,422 2,371 2,269 -4.3% 106 107 Information Technology Services 1,463 1,521 1,657 1,613 1,619 0.4% 108 109 Internal Services: 110 Finance 398 407 406 406 407 0.3% 111 Treasurer and Vice President of Finance 398 407 406 406 407 0.3% 112 Financial Services 704 769 787 787 736 -6.5% 113 Total Finance 1,102 1,177 1,193 1,193 1,143 -4.2% 114 115 Facilities 1,801 1,826 2,558 2,536 2,554 0,7% 117 Total Operations Services 2,903 3,002 3,751 3,729 3,697 -0.9% 129 Total Internal Services 2,903 3,002 3,751 3,729 3,697 -0.9% 120 Total Infrastructure 6,385 6,708 7,830 7,714 7,585 -1.7% 121 Total Infrastructure 6,385 6,708 7,830 7,714 7,585 -1.7% 122 Total Expenses 26,877 26,695 28,400 28,275 27,978 -1.0% 126 Church Staff Finances Reserve 0 0 0 0 0 0 0 126 Church Staff Finances Reserve 0 0 0 0 0 0 0 0 126 Church Staff Finances Reserve 0 0 0 0 0 0 0 0 126 Church Staff Finances Reserve 0 0 0 0 0 0 0 126 Church Staff Finances Reserve 0 0 0 0 0 0 0 0 127 Total Development 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486 1,486	98	Infrastructure:						
101 APF Campaign	99	Stewardship and Development						
102 Friends Campaign 287 317 408 397 350 -11.9% 103 Charitable Gift and Estate Planning 227 331 342 316 313 -1.0% 104 Comprehensive Campaign 879 613 596 555 5515 7.73% 105 Total Stewardship and Development 2,019 2,185 2,422 2,371 2,269 -4.3% 106	100	Vice President, Development						
103 Charitable Gift and Estate Planning 227 331 342 316 313 -1.0% 104 Comprehensive Campaign 879 613 596 555 515 -7.3% 105 Total Stewardship and Development 2,019 2,185 2,422 2,371 2,269 -4.3% 106								
104 Comprehensive Campaign 879 613 596 555 515 -7.3% 105 Total Stewardship and Development 2,019 2,185 2,422 2,371 2,269 -4.3% 106								
105 Total Stewardship and Development 2,019 2,185 2,422 2,371 2,269 -4.3% 106								
106 107 Information Technology Services	104	Total Stowardship and Dovelopment						
107 Information Technology Services			2,019	2,105	2,422	2,371	2,209	-4.5 /0
108			1 463	1 521	1 657	1 613	1 619	0.4%
110 Finance 398 407 406 406 407 0.3% 112 Financial Services 704 769 787 787 736 -6.5% 113 Total Finance 1,102 1,177 1,193 1,193 1,143 -4.2% 114 115 Facilities 16 24 Farnworth Street 1,801 1,826 2,558 2,536 2,554 0.7% 117 170tal Operations Services 1,801 1,826 2,558 2,536 2,554 0.7% 118 18 19 10 10 10 10 100 100 100 100 100 100 100 100 100 100 100 100 120 126 126 10 10 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100			.,	.,02.	.,	1,010	.,0.0	0
111 Treasurer and Vice President of Finance 398 407 406 406 407 0.3% 112 Financial Services 704 769 787 787 736 -6.5% 113 Total Finance 1,102 1,177 1,193 1,193 1,143 -4.2% 114	109	Internal Services:						
112 Financial Services 704 769 787 787 736 -6.5% 113 Total Finance 1,102 1,177 1,193 1,193 1,143 -4.2% 114	110	Finance						
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114 115 Facilities 1,801 1,826 2,558 2,536 2,554 0.7% 117 Total Operations Services 1,801 1,826 2,558 2,536 2,554 0.7% 118 1,801 1,826 2,558 2,536 2,554 0.7% 118 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801 1,801			704					
115 Facilities			1,102	1,177	1,193	1,193	1,143	-4.2%
116 24 Farnworth Street								
117 Total Operations Services 1,801 1,826 2,558 2,536 2,554 0.7% 118			4 004	4 000	0.550	0.500	0.554	0.70/
118 119 Total Internal Services 2,903 3,002 3,751 3,729 3,697 -0.9% 120				,				
119 Total Internal Services 2,903 3,002 3,751 3,729 3,697 -0.9%			1,001	1,020	۷,۵۵٥	۷,۵۵٥	2,004	U. 1 70
120	-		2.002	2 002	2 754	2 700	2 607	0.00/
121 Total Infrastructure 6,385 6,708 7,830 7,714 7,585 -1.7% 122 Total Expenses 26,877 26,695 28,400 28,275 27,978 -1.0% 123 124 Depreciation Spending 0 0 550 550 550 125 Church Staff Finances Reserve 0 0 100 100 200 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126 126			2,903	3,002	3,131	3,129	3,097	-0.9%
122 Total Expenses 26,877 26,695 28,400 28,275 27,978 -1.0% 123 0 0 550 550 550 125 Church Staff Finances Reserve 0 0 100 100 200 126	_		6 385	6 708	7 830	7 714	7 585	-1 7%
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124 Depreciation Spending 0 0 550 550 125 Church Staff Finances Reserve 0 0 100 100 200 126 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 <t< td=""><td></td><td>•</td><td>20,011</td><td>20,093</td><td>20,400</td><td>20,213</td><td>21,910</td><td>-1.070</td></t<>		•	20,011	20,093	20,400	20,213	21,910	-1.070
125 Church Staff Finances Reserve 0 0 100 100 200 126 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0								
126	124	Depreciation Spending	0	0	550	550	550	
	125	Church Staff Finances Reserve	0	0	100	100	200	
127 Current Section Excess/(Deficit) 353 335 0 0 (305)	126							
	127	Current Section Excess/(Deficit)	353	335	0	0	(305)	

Consolidated Financial Statements and Supplemental Schedules

Unitarian Universalist Association and Subsidiary

June 30, 2018 and 2017



Consolidated Financial Statements and Supplemental Schedules

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Mayer Hoffman McCann P.C.

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Independent Auditors' Report

The Board of Trustees Unitarian Universalist Association and Subsidiary Boston, Massachusetts

We have audited the accompanying consolidated financial statements of the Unitarian Universalist Association and Subsidiary (the "Association"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Unitarian Universalist Association as of June 30, 2018 and 2017, and the consolidated changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information included in Schedules I through III is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

November 19, 2018 Boston, Massachusetts

Mayer Hayeman Melann P.C.

Consolidated Statements of Financial Position

	June 30,				
		2018		2017	
Assets					
Cash and cash equivalents	\$	12,688	\$	11,864	
Accounts receivable, net		2,182		1,685	
Pledges receivable, net		598		981	
Agency receivable		3,056		496	
Inventories, net		1,330		1,382	
Other assets		1,265		1,167	
Investments		90,419		87,894	
Investment funds managed for others		100,156		94,754	
Funds held in trust by others		46,248		44,854	
Funds held in support of split-interest agreements		9,426		9,419	
Loans to member congregations, net		3,989		4,391	
Property and equipment, net		34,482		35,340	
Total assets	\$_	305,839	\$_	294,227	
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$	5,010	\$	5,824	
Agency liability		3,056		496	
Annuity liabilities		1,981		2,001	
Bank debt		7,495		8,388	
Obligations under split-interest agreements		5,615		5,491	
Accumulated postretirement benefit obligation	_	1,696		1,761	
Total liabilities		24,853	. <u> </u>	23,961	
Minority interest in UUCEF	_	100,156	. <u> </u>	94,754	
Net assets:					
Unrestricted		57,951		57,430	
Temporarily restricted		63,508		59,732	
Permanently restricted		59,371		58,350	
Total net assets	_	180,830	. <u> </u>	175,512	
Total liabilities and net assets	\$	305,839	\$	294,227	

Consolidated Statement of Activities

For the Year Ended June 30, 2018 (with comparative totals for 2017)

			2017					
			Temporarily		Permanently			
	Unrestricted		Restricted		Restricted		Total	Total
Support and revenue:								
Fundraising and gifts and bequests	\$ 13,288 \$	\$	2,922	\$	573	\$	16,783 \$	16,874
Net sales from publishing activities	8,312		-		-		8,312	8,118
Sales and administrative services	2,041		-		-		2,041	2,618
Investment return authorized for operations	4,510		-		-		4,510	4,638
Distributions from Holdeen Trusts	1,109		179		-		1,288	1,307
Other investment income	209		-		-		209	277
Rental income	1,648		-		-		1,648	1,631
Other income	5,493		-		-		5,493	5,155
Net assets released from restriction	2,241		(2,241)		-		-	-
Total support and revenue	38,851	_	860		573		40,284	40,618
Expenditures:								
Programs	29,018		-		-		29,018	29,266
General and administration	6,826		_		_		6,826	6,880
Stewardship and development	2,186		_		_		2,186	2,019
Rental expense	669		_		_		669	667
Total expenditures	38,699	_	-		-		38,699	38,832
Changes in net assets from operations	152	_	860	_	573	_	1,585	1,786
Nonoperating income (expense):								
Investment return, net of amounts authorized								
for operations	8,169		2,027		_		10,196	17,407
Increase (decrease) in value of funds held in	2,122		_,				,	,
support of split-interest agreements and trusts	(20)		889		448		1,317	2,876
Postretirement benefit plan expense	()		-		-		-	103
Investment return authorized for debt financing	873		_		_		873	842
Bequest income - Board restricted	-		_		_		-	90
Gain on sale of real estate	_		_		_		_	814
Unfunded depreciation	(741)		_		_		(741)	(716)
Change in net assets from nonoperating activities	8,281	_	2,916	-	448	-	11,645	21,416
Minority interest in investment earnings of UUCEF	(7,912)	_	-		-		(7,912)	(11,813)
Change in net assets	521		3,776		1,021		5,318	11,389
Net assets, beginning of year	57,430	_	59,732	-	58,350	-	175,512	164,123
Net assets, end of year	\$ 57,951	\$ _	63,508	\$	59,371	\$	180,830 \$	175,512

Consolidated Statement of Activities

For the Year Ended June 30, 2017

		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Support and revenue:								
Fundraising and gifts and bequests	\$	13,752	\$	3,079	\$	43	\$	16,874
Net sales from publishing activities		8,118		-		_		8,118
Sales and administrative services		2,618		-		_		2,618
Investment return authorized for operations		4,638		-		_		4,638
Distributions from Holdeen Trusts		1,089		218		_		1,307
Other investment income		277		_		_		277
Rental income		1,631		_		_		1,631
Other income		5,155		_		_		5,155
Net assets released from restriction		1,521		(1,521)		_		-
Total support and revenue		38,799	-	1,776	-	43	_	40,618
Expenditures:								
Programs		29,266		_		_		29,266
General and administration		6,880		_		_		6,880
Stewardship and development		2,019		_		_		2,019
Rental expense		667		_		_		667
Total expenditures		38,832	-	-	-		_	38,832
Changes in net assets from operations	,	(33)	_	1,776		43	_	1,786
Nonoperating income (expense):								
Investment return, net of amounts authorized								
for operations		14,033		3,374		-		17,407
Increase in value of funds held in								
support of split-interest agreements and trusts		148		2,127		601		2,876
Postretirement benefit plan expense		103		-		-		103
Investment return - debt financing		842		-		-		842
Bequest income - Board restricted		90		-		-		90
Gain on sale of real estate		814		- (96)		-		814
Other releases and changes in net assets		(746)		(86)		-		(746)
Unfunded depreciation		(716)	-		-		_	(716)
Change in net assets from nonoperating activities		15,400	-	5,415	-	601	_	21,416
Minority interest in investment earnings of UUCEF		(11,813)	-		-		_	(11,813)
Change in net assets		3,554		7,191		644		11,389
Net assets, beginning of year	,	53,876	-	52,541		57,706	_	164,123
Net assets, end of year	\$	57,430	\$	59,732	\$	58,350	\$_	175,512

Consolidated Statements of Cash Flows

	For the Years Ended June 30,			
	2018	2017		
Cash flows from operating activities:				
Change in net assets \$	5,318 \$	11,389		
Adjustments to reconcile change in net assets to net cash used in				
operating activities:				
Depreciation	1,350	1,330		
Change in allowance for uncollectible loans to member congregations	(20)	-		
Gain from sale of real estate	-	(814)		
Net realized and unrealized gains on investments	(7,426)	(10,962)		
Contributions restricted for long-term investment	(573)	(43)		
Net change in value of funds held in support of	, ,	, ,		
split-interest agreements and trusts	(1,317)	(2,876)		
Minority interest in investment earnings of UUCEF	(7,912)	(11,813)		
Changes in assets and liabilities:	(, - ,	(, ,		
Accounts receivable, net	(497)	899		
Pledges receivable, net	383	(399)		
Agency receivable	(2,560)	(496)		
Inventories, net	52	(88)		
Other assets	(98)	415		
Accounts payable and accrued expenses	(814)	(463)		
Agency liability	2,560	496		
Accumulated postretirement benefit obligation	(65)	(176)		
Accumulated postretirement benefit obligation	(00)	(170)		
Net cash used in operating activities	(11,619)	(13,601)		
Cash flows from investing activities:				
Cost of purchases of investments	(5,648)	(15,394)		
Proceeds from sales of investments	20,991	37,911		
Purchases of property and equipment	(494)	(644)		
Proceeds from sales of real estate, net of expenses	2	`814 [´]		
Repayments on loans to member congregations	422	912		
Net cash provided by investing activities	15,273	23,599		
Cash flows from financing activities:				
Repayment of bank debt	(893)	(1,922)		
Capital contributions by minority partners in UUCEF	5,899	5,932		
Capital withdrawals by minority partners in UUCEF	(8,409)	(11,741)		
Contributions restricted for long-term investment	573	43		
J				
Net cash used in financing activities	(2,830)	(7,688)		
Change in cash and cash equivalents	824	2,310		
Cash and cash equivalents as of beginning of year	11,864	9,554		
Cash and cash equivalents as of end of year \$	12,688	11,864		

Notes to Consolidated Financial Statements (in thousands)

Note 1 - The Association's Background and History

The Unitarian Universalist Association (the "Association") was formed in 1961, when the American Unitarian Association and the Universalist Church of America merged to form one entity with the purpose of creating an association of congregations in support of liberal religion. The Association is governed by a board of trustees elected by the delegates of the General Assembly. An elected president, a board-appointed treasurer, a board appointed executive vice president and nine other staff group directors form the leadership council, which manages the day-to-day business of the Association.

The consolidated financial statements include the results of the activities of the Unitarian Universalist Common Endowment Fund LLC "UUCEF" which is organized as a supporting organization to the Association under Section 501(c)(7) of the Internal Revenue Code. UUCEF serves as an endowment investment solution for the Association and member congregations. UUCEF provides access to professional investment management, administration and reporting. All investors share proportionately in the underlying money-management, operational and custody costs. UUCEF investors retain full ownership of their invested assets with access to their funds as outlined in the UUCEF subscription agreement. This entity was established on October 11, 2012 and funded on January 1, 2016 via the legal transfer of monies previously accounted for as a component of the Association's operations. The Association's Board of Trustees appoints the investment committee who oversees UUCEF and its related investments.

The Association is the largest owner and acts as the record keeper for UUCEF. The Association had a 47.3% and 48.1% ownership interest in UUCEF in 2018 and 2017, respectively. The interests owned by others are presented as minority interest in the consolidated financial statements.

The primary purposes of the Association are to serve the needs of its member congregations, organize new congregations, extend and strengthen Unitarian Universalist institutions, and implement its principles. These financial statements only include the activity of the Association and UUCEF, but not of its member congregations. The activities and assets of the Association are comprised of six business segments: Current Operations, General Assembly, Group Insurance Plans, Beacon Press, Congregational Properties and Loan Fund "CPLF", and UUCEF as outlined above. The Current Operations section manages the general operations of the Association including fundraising and program activities. Group Insurance Plans "GIP" operate group insurance plans for member congregations. General Assembly is the annual gathering of Association congregational delegates organized to conduct the business of the Association. Beacon Press is the Association's trade publishing group. CPLF provides loans and loan guarantees to member congregations.

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany accounts and transactions have been eliminated in consolidation. Minority interest is presented below liabilities on the consolidated statements of financial position.

The accompanying consolidated financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Association and UUCEF as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Consolidated Financial Statement Presentation (Continued)

Unrestricted net assets – represent those assets that the Association may use at its discretion.

Temporarily restricted net assets – result from contributions subject to donor-imposed use or time related restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the period in which the donor-imposed stipulation is met or that the stipulated time restrictions have passed. Net appreciation (depreciation) of permanently restricted long-term investments is recognized within the temporarily restricted net asset category until such monies are available for expenditure under the Association's spending policy and a qualifying expenditure is incurred unless otherwise directed by the underlying arrangements with the donor in accordance with law. Charitable lead trusts, in which a donor establishes and funds a trust with distributions to be made to the Association over a specified period no matter what duration, are categorized as temporarily restricted net assets.

Permanently restricted net assets – result from contributions which stipulate that the resources be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use or expend part or all of the returns derived from the donated assets for general or specific purposes.

Fundraising support, gifts and bequests are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed time and/or purpose restrictions. If time and/or purpose restrictions are associated with support, these resources are accounted for as temporarily or permanently restricted support as applicable. If a restriction on a gift is fulfilled in the same time period in which the contribution is received, the contribution is reported as an unrestricted contribution. Expenses are reported as decreases in unrestricted net assets.

Amounts reported as nonoperating in the consolidated statements of activities include investment return net of amounts authorized for operations and other miscellaneous nonrecurring events or activities such as contributions of long-lived assets, contributions of cash or other assets that must be used to acquire long-lived assets, large one time donations, changes in value of certain split-interest agreements and trusts, postretirement benefit plan expense, gain on sale of real estate, unfunded depreciation, and other releases and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements relate to the allowance for doubtful accounts and pledges receivable, reserve for finished goods inventory, fair value of certain investments as well as funds held in support by others and split-interest agreements, allowance for doubtful loans, capitalization of property and equipment and useful lives of such depreciable assets, accumulated postretirement benefit obligation, the allocation of common expenses over program functions, and releases from restrictions through satisfaction of donor restrictions.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Association considers highly liquid instruments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment. Cash equivalents include treasury money market and money market mutual funds that are not Federally insured. The Association maintains its cash balances at several financial institutions, which, at times, may exceed federally insured limits. The Association monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are carried at their net realizable value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible and recoveries of previously written off receivables are recorded as revenue when received. The reserve was \$52 and \$47 at June 30, 2018 and 2017, respectively.

Contributions and Pledges Receivable

Unconditional promises to give are recorded at fair value when initially pledged. Initial recording for pledges expected to be collected in one year or more is arrived at by using the present value of a risk adjusted rate to account for the inherent risk associated with expected future cash flows. The initially recorded fair value is considered a Level 2 fair value approach. Amortization of the discount is included in gift and contribution revenue. Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance by review of historical experience and a specific review of collection trends that differ from plans on individual accounts. Conditional promises to give are not included as support until the conditions are substantially met.

Inventory

Inventory consists of finished goods and outside prepublication costs. Finished goods inventories, consisting primarily of books, are stated at the lower of weighted average cost or market. Outside prepublication costs related to preparing a manuscript for printing are capitalized into finished goods at the time of first printing of the book. The Association reserves against finished goods based on a systematic approach as the inventories age. The reserve was \$17 and \$18 at June 30, 2018 and 2017, respectively.

Investments

Investments are reported at fair value. Fair value is determined as per the fair value polices described later in this section. Interest, dividends and net gains or losses on investments are reported as increases or decreases in permanently restricted net assets if the terms of the original gift require that they be applied to the principal of a permanent endowment fund; as increases or decreases in temporarily restricted net assets if the terms of the gift and/or relevant state law impose restrictions on the current use of the income or net gains and losses; and as increases or decreases in unrestricted net assets in all other cases.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Association reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the Association's investment accounts and funds held in trust and in support of split-interest agreements. Nonrecurring fair value measures include initial accounting for pledges receivable and obligations under split-interest agreements. These fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the Association reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this are met. Fair value standards also require the Association to classify financial instruments (except for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique as follows:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

Funds Held in Trust by Others

The Association accounts for its beneficial interests in trusts as support upon notice of it being a beneficiary of such trusts. Support is recorded at the fair value of the underlying assets of the trust given the irrevocable right to receive income/benefits from the trust assets even though the Association will never receive the principal of these trusts. The fair value of the trust assets are recorded using a Level 3 fair value approach. Changes in the fair value of the trusts are reported as increases or decreases in the related net asset category. These trusts have various purpose restrictions.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Funds Held in Trust by Others (Continued)

A major portion of funds held in trust by others are charitable lead trusts established by Jonathan Holdeen (the Holdeen Trusts) in which the Association has an irrevocable right to the trust income for periods of 500 or 1,000 years after which the assets revert to the Commonwealth of Pennsylvania. Under the terms of the Holdeen Trusts' instruments, the income is to be used primarily for support of the Holdeen India Program and other charities designated by the Association's Board of Trustees. Given the long-term nature of this arrangement, the beneficial interest was determined to be equal to the fair value of the assets for reporting purposes.

Split-Interest Agreements

Split-interest agreements include contributions received which require payment of an annuity to a specified beneficiary and contributions received which require payment of income earned on the investment of such contribution to a specified beneficiary over their life. Assets and obligations to beneficiaries are recorded at fair value when initially arranged and are separately managed apart from other investments of the Association. Subsequent changes in fair value of funds held in support of split-interest agreements are reported as a change in fair value of funds held in support of split-interest agreements in the period of change of value of the underlying assets. Obligations are based on the present value of the annual distribution specified in the agreements and the estimated life expectancy of the beneficiaries. Subsequent changes in the recorded amount of obligations are impacted by changes in life expectancy; however, the present value discount rate remains the same over the life of the instrument. The initially recorded fair value of the donated investments are determined based on the underlying nature of the investments received which have generally represented Level 1 measurements while the initial measurement of the related obligations are Level 2 measurements.

Loans to Member Congregations

The Association has receivables related to loans to member congregations. Interest income is recorded when received. Loans receivable are written off when deemed uncollectible. Recoveries of loans receivable previously written off are recorded as a reduction of bad debt expense. Loans receivable are considered past due if any portion of the balance due is outstanding for more than 30 days. Interest on past due amounts are recorded when received.

Property and Equipment

Land, buildings, improvements, furniture and fixtures, and equipment are stated at cost at the date of acquisition or improvement at fair market value at the date of donation in the case of gifts. Fair value of donated property and equipment is effectively recorded using a Level 3 market approach when applicable. Minor renovations and repairs are charged to operations and maintenance as incurred. Depreciation of property and equipment is computed on the straight-line basis over the expected lives of the respective assets.

With respect to its primary operating facility, the Association allocates costs to its activities based on operating expenses, estimated long-term funding for reserves for repair and replacement and debt service. Any excess costs of operating the facility is considered nonoperating. Such amounts represent unfunded depreciation which management has determined does not require funding given its long-term expected costs of operating this property.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Agency Receivable and Liability

Amounts received or expected to be received from Donors that must be disbursed to a specific beneficiary are recorded as liabilities until paid by the Association.

Revenue Recognition and Royalty Advances from Publishing Activities

Revenue is recorded upon shipment, net of estimated returns. Sales to one customer and two customers represented approximately 28% and 55%, respectively, of total revenue of Beacon Press for the years ended June 30, 2018 and 2017. Of the total amount of receivables from Beacon Press of \$917 and \$897 at June 30, 2018 and 2017, respectively, amounts due from one customer represented approximately 96% and 93% at June 30, 2018 and 2017, respectively.

Royalty advances are negotiated on a contract-by-contract basis and are recorded as other assets when paid. As sales occur, royalty advances are reduced. Write-offs of advances are recorded when it appears that advances are not expected to be recovered from future sales. The Association reserves against unrealizable advances based on a systematic approach as the related publications age. The reserve was \$2,240 and \$2,145 at June 30, 2018 and 2017, respectively, against royalty advances of \$3,049 and \$3,041 at June 30, 2018 and 2017, respectively, included in other assets.

Outstanding Legacies

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

Income Taxes

The Association is a tax-exempt church organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from income taxes pursuant to Section 501(a) of the Code. UUCEF is classified under the Code as a public charity Type I supporting organization under Section 509(a)(3).

Uncertain Tax Positions

The Association and UUCEF account for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Association and UUCEF have a number of tax positions, none of which result in an uncertainty requiring recognition. The Association and UUCEF are not currently under examination by any taxing jurisdiction. As a tax-exempt church related organization and supporting organization, the Association and UUCEF are exempt from filing certain non-profit filings. The Association and UUCEF do file a Form 990T.

Notes to Consolidated Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

Costs have been allocated to functional classifications based on percentage of effort, usage, square footage and other criteria. Accordingly, costs and expenses have been allocated to the benefiting function using various assumptions and estimates. Rental expense related to property leased to outside parties is not allocated given that it pertains to income received from the rental property.

Fundraising Expenditures

Fundraising costs are reported as stewardship and development expense in the consolidated statements of activities.

Group Insurance Plan

The Association procures various insurance products from third parties for the use of the Association and member congregations. Under this arrangement, the Association is centrally billed for insurance based on its needs and member congregations that elect to participate. The Association in turn invoices various participating member congregations. The Association does not assume insurance risk under these arrangements.

Note 3 - Pledges Receivable

Pledges receivable relates to amounts received as part of the campaign fundraising. The rate used to discount pledges receivable was 4% as of June 30, 2018 and 2017.

Pledges receivable consisted of the following as of June 30:

	2018	2017
Amounts due in:		
Less than one year	\$ 146 \$	563
Two to five years	 496	481
	642	1,044
Less allowance for uncollectible pledges and		
present value discount	 (44)	(63)
Pledges receivable, net	\$ <u> </u>	981

Notes to Consolidated Financial Statements (in thousands)

Note 4 - Investments

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

		2018		2017
Investments (UUA) Investment funds managed for others	\$	90,419	\$	87,894
(member congregations)	_	100,156	-	94,754
Total	\$	190,575	\$_	182,648

Total investment return from working capital investments, long-term investments and restricted cash net of amounts managed for others consisted of the following for the years ended June 30:

	2018	2017
Investment income Net realized gain on investments Net change in unrealized gain on investments Less investment expenses	\$ 1,321 \$ 3,903 3,523 (871)	1,179 2,896 8,066 (790)
Total return on investments	\$ 7,876 \$	11,351

Following is a reconciliation of total investment return to amounts reported in the consolidated statements of activities for the years ended June 30:

	2018	2017
Investment return authorized for operations Investment return, net of amounts	\$ 4,510 \$	4,638
authorized for operations - nonoperating - unrestricted	8,169	14,033
Investment return - nonoperating - temporarily restricted	2,027	3,374
Investment return authorized for debt financing	873	842
Total endowment investment return	15,579	22,887
Other investment return - operating activities	209	277
Minority interest in investment in UUCEF	(7,912)	(11,813)
Total return on investments	\$ 7,876 \$	11,351

Notes to Consolidated Financial Statements (in thousands)

Note 5 - Fair Values of Financial Instruments

The following tables present financial assets at June 30, 2018 that the Association measures fair value on a recurring basis, by level, within the fair value hierarchy:

				Inves 2	tme 018	nts		
						nvestments Neasured at		
		Level 1		Level 2		NAV		Total
UUCEF investments								
Domestic equity	\$	51,984	\$	8,459	\$	-	\$	60,443
International equity		15,093		39,058		-		54,151
Fixed income		13,445		18,376		9,468		41,289
Opportunistic		19,278		-		7,087		26,365
Private markets		-		-		5,200		5,200
Other	_		_	1,687	_		_	1,687
Total UUCEF investments		99,800		67,580		21,755		189,135
Short-term investments								
Cash and equivalents	_	1,440	_		_		_	1,440
Total investments	\$_	101,240	\$_	67,580	\$_	21,755	\$	190,575
		Funds H	old	by Others an	וא פו	nlit-interest A	arc	aomonts
		i unus m	ciu i	-	2018		.9, 0	cinents
	_	Level 1		Level 2		Level 3		Total
Funds held by others:								
Holdeen Trusts	\$	-	\$	-	\$	34,396	\$	34,396
Other trusts		-		-		11,852		11,852
	_	-	- -	-	_	46,248	_	46,248
Split-interest agreements:								
Charitable gift annuity		6,686		_		_		6,686
Charitable remainder trust		-		_		710		710
Pooled income funds		2,030		_		-		2,030
	-		-				-	
		8,716		-		710		9,426
Total funds held by others and	-	8,716	-	-	_	710	_	9,426

Notes to Consolidated Financial Statements (in thousands)

Note 5 - Fair Values of Financial Instruments (Continued)

The following tables present financial assets at June 30, 2017 that the Association measures at fair value on a recurring basis, by level, within the fair value hierarchy:

				Inves 2	tme 017	nts		
						nvestments leasured at		
		Level 1		Level 2		NAV		Total
UUCEF investments								
Domestic equity	\$	50,566	\$	7,561	\$	-	\$	58,127
International equity		14,095		36,155		-		50,250
Fixed income		13,471		18,257		9,470		41,198
Opportunistic		19,610		-		6,922		26,532
Private markets		-		_		3,282		3,282
Other	_	-	_	1,572	_	-	_	1,572
Total UUCEF investments		97,742		63,545		19,674		180,961
Short-term investments								
Cash and equivalents		1,687	_	-	_	-		1,687
Total investments	\$_	99,429	\$_	63,545	\$_	19,674	\$	182,648
		Funds H	eld	by Others ar	nd Si	nlit-interest A	\are	ements
		r unus m	Ciu	-	2017		.9,	.cmcmo
	-	Level 1		Level 2		Level 3		Total
Funds held by others:								
Holdeen Trusts	\$	-	\$	-	\$	33,450	\$	33,450
Other trusts		-		-		11,404		11,404
	_	-	-	-	_	44,854		44,854
Split-interest agreements:								
Charitable gift annuity		6,542		_		_		6,542
Charitable remainder trust		-		_		743		743
Pooled income funds		2,134		_		7-70		2,134
i odieu income lunus	-	8,676	-			743	-	9,419
Total funds held by others and	-	0,070	-			143	-	3,418
split-interest agreements	\$_	8,676	\$_	-	\$_	45,597	\$_	54,273

Notes to Consolidated Financial Statements (in thousands)

Note 5 - Fair Values of Financial Instruments (Continued)

Level	3	Roll	Fo	rw	ar	d
		2019	2			

	_	2018									
		Holdeen		Other		Charitable Remainder					
		Trusts		Trusts		Trust		Total			
Beginning balance	\$	33,450	\$	11,404	\$	743	\$	45,597			
Distributions		(1,581)		(436)		-		(2,017)			
Sales/fees		681		524		-		1,205			
Unrealized gain (loss)	_	1,846		360		(33)	_	2,173			
Ending balance	\$ _	34,396	\$	11,852	\$	710	\$ _	46,958			

Level 3 Roll Forward

		2017								
	_	Holdeen Trusts		Other Trusts		Charitable Remainder Trust		Total		
Beginning balance Distributions Sales/fees Unrealized gain	\$	31,271 (1,593) 709 3,063	\$	10,803 (454) 472 583	\$	713 - - 30	\$	42,787 (2,047) 1,181 3,676		
Ending balance	\$_	33,450	\$_	11,404	\$	743	\$_	45,597		

All trusts are invested in a diversified portfolio of stocks, bonds and mutual funds both domestic and international.

Investments have the following redemption notice periods:

Total	\$ 189,135
Illiquid	 7,667
Quarterly	6,308
Bi-Monthly	19,734
Monthly	24,345
Daily	\$ 131,081

Unfunded commitments to the investment vehicles amounted to \$5,995 at June 30, 2018. Funds allow for managers to limit normal redemptions under certain circumstances which could impact the ultimate availability of funds. In addition, funds in trust are controlled by outside organizations and thus are not redeemable.

Management has no intentions or plans to liquidate any net asset value per share practical expedient investments at other than net asset value per share.

Notes to Consolidated Financial Statements (in thousands)

Note 6 - Loans to Member Congregations

Loans to member congregations for capital purposes, primarily for buildings, are as follows at June 30:

	2018	2017
Mortgage loans to member congregations at interest rates from 0% to 5.16% due through 2034	\$ 4,309 \$	4,731
Less allowance for uncollectible loans	 (320)	(340)
Net loans to member congregations	\$ 3,989 \$	4,391

Loans to member congregations are written for revolving terms ranging from 1 to 7 years, with the total amortization period ranging from 15 to 25 years. Expected payments for the mortgaged loans to member congregations, reflecting the full amortization period, are as follows for the years ending June 30:

2019 2020	\$ 1,280 255
2021	1,283
2022	1,067
2023	301
Thereafter	 123
Total	\$ 4,309

Only a small portion of the loans are non-interest bearing, and accordingly, management determined that applying a present value to such loans would not result in a material difference in reported amounts.

Less than 5% of loans are in default or past due at June 30, 2018 and 2017.

Notes to Consolidated Financial Statements (in thousands)

Note 7 - Property and Equipment

Property and equipment was composed of the following as of June 30:

	Estimated Useful Lives		2018	2017
Land, buildings and improvements Computer equipment Office furniture and fixtures Construction in progress	20-40 yrs 4-7 yrs 7 yrs -	\$ _	36,766 1,815 2,140	\$ 36,269 1,638 2,123 199
Less accumulated depreciation Property and equipment, net		_ \$ _	40,721 (6,239) 34,482	 \$ 40,229 (4,889) 35,340

As more fully described in Note 8, the land, building and improvements serve as collateral under a term note agreement.

Allocation of Depreciation Between Operating and Nonoperating

Consistent with the Association's policy, during fiscal year 2015, the Association performed a facilities condition assessment as part of the building purchase and determined that over a 9 year period \$496 represented the annual replacement funding needed. During 2017, the Association performed another facilities condition assessment and determined that over an 11 year period \$435 represents the annual replacement funding needed. The excess depreciation of \$741 in 2018 and of \$716 in 2017 is considered unfunded and included in nonoperating expense on the consolidated statements of activities.

Sale of Real Estate

In June 2017, the Association received a final \$840 contingency payment related to the 2014 sale of the 25 Beacon Street property, of which \$814 was reported as a gain on sale net of brokerage fees of \$26.

Notes to Consolidated Financial Statements (in thousands)

Note 8 - Bank Debt

The Association has the following bank debt at June 30:

		2018		2017
Member lending credit line	\$	713	\$	734
Mortgage note payable	-	6,782	_	7,654
Total bank debt	\$	7,495	\$_	8,388

Member Lending Credit Line

The member lending credit line is a revolving line of credit with an aggregate borrowing limit of \$4,000. The line contains certain financial covenants and expires on December 31, 2018, at which time it will be reviewed for renewal. The term expiration and renewal apply to the unused balance of the credit line. Draws outstanding at term expiration date will remain outstanding and payable in accordance with current agreement terms. This line of credit is used to provide mortgage loan financing to member congregations according to the existing lending standards used by the Association (See Note 6). Draws on the line of credit bear interest at 3.99% and mature at various dates through February 25, 2020.

Mortgage Note Payable

The Association has a mortgage note payable which is due in monthly installments of \$95 including principal and interest at a fixed rate of 3.60% with a final due date of April 1, 2022. The agreement contains certain financial and nonfinancial covenants and is collateralized by the Association's headquarters.

Line of Credit

The Association has a \$500 line of credit available with a bank of which no amounts were outstanding at June 30, 2018 and 2017. The line of credit bears interest at the bank's base lending rate with a floor of 3.99% during the draw period as defined by the agreement. The actual rate was 3.99% at June 30, 2018 and 2017. The line is collateralized by cash deposits. The line contains certain financial covenants and expires on December 31, 2018 at which time it will be reviewed for renewal.

Interest expense for the years ended June 30, 2018 and 2017 was \$296 and \$368, respectively. Cash paid for interest was \$292 and \$373 for the years ended June 30, 2018 and 2017, respectively.

Notes to Consolidated Financial Statements (in thousands)

Note 8 - Bank Debt (Continued)

Expected payments for the bank debt are as follows for the years ending June 30:

Total	\$ 7,495
2022	 3,970
2021	972
2020	1,003
2019	\$ 1,550

Note 9 - Net Assets and Endowment Matters

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30:

	2018		2017
Accumulated unspent gains:			
General operating	\$ 5,346	\$	4,809
Scholarships for ministerial students	7,830		7,200
Ministerial aid	6,679		6,417
Other programs	2,756	-	2,590
Total accumulated unspent gains	22,611	-	21,016
Purpose restrictions:			
Split-interest agreements	1,206		1,283
Building loan fund	201	-	201
Total purpose restrictions	1,407	-	1,484
Time and purpose restrictions:			
Funds held in trust by others - Holdeen Trusts Amounts restricted by donors for programs and	34,396		33,450
(or) time restrictions	5,094	-	3,782
Total time and purpose restrictions	39,490	-	37,232
Total temporarily restricted net assets	\$ 63,508	\$	59,732

Notes to Consolidated Financial Statements (in thousands)

Note 9 - Net Assets and Endowment Matters (Continued)

Temporarily Restricted Net Assets (Continued)

Net assets released from temporarily restricted net assets were as follows for the years ended June 30:

	2018	2017
Ministerial programs	\$ 2,241	\$ 1,521

From time to time on further review of donor restrictions, management may make net asset reclasses based on donor intent.

Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following as of June 30:

		2018		2017
Endowment funds:				
General operating	\$	27,391	\$	27,210
Scholarships for ministerial students		11,676		11,648
Other programs		2,609		2,245
Ministerial aid		1,377		1,377
Total endowment funds		43,053		42,480
Building loan fund		4,412		4,412
Funds held in trust by others for restricted purposes		11,851		11,403
Wilton Peace Prize Fund		55		55
Total permanently restricted net assets	\$_	59,371	\$_	58,350

Endowment

The Association's endowment consists of a number of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements (in thousands)

Note 9 - Net Assets and Endowment Matters (Continued)

Endowment (Continued)

A significant portion of the endowment funds are held via trust that contains special provisions which provides for a member of management to be the trustee under the trust. The trust allows for investment return generated from the permanently restricted portion of the trusts to be considered unrestricted given the discretion provided to the trustee to utilize such funds as needed. Notwithstanding this flexibility, management has determined it would be prudent to label it as unrestricted within that category of stewardship that it believes is merited by these funds.

In addition, the trust contains provisions that if the Association declares bankruptcy, terminates or liquidates its existence or ceases to operate as a charitable or educational organization, that such funds would no longer be available to the Association.

Interpretation of Relevant Law

The Board of Trustees of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 180A of the general laws of the Commonwealth of Massachusetts, as requiring the preservation of the historic dollar value of the original gifts to donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. Collectively, these amounts are referred to as the historic dollar value of the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Association and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Association
- (7) The investment policies of the Association

Notes to Consolidated Financial Statements (in thousands)

Note 9 - Net Assets and Endowment Matters (Continued)

Changes in endowment net assets and those functioning as endowment net assets for the fiscal year ended June 30, 2018 are as follows:

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ <u>_</u>	24,168	\$ 21,016	\$ 42,480 \$	87,664
Investment return: Investment income (net of expenses) Net appreciation (realized and)	29	31	-	60
unrealized)	-	3,632	3,794		7,426
Total investment return		3,661	3,825	-	7,486
Contributions		590	-	573	1,163
Investment return authorized for operations (a)	_	(4,085)	(2,230)		(6,315)
Endowment net assets, end of year	\$ <u>_</u>	24,334	\$ 22,611	\$ 43,053 \$	89,998

Endowment net asset composition by type of fund consists of the following at June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-imposed endowment funds Unrestricted quasi endowment funds	\$ 7,551 16,783	\$ 22,611 -	\$ 43,053	\$ 73,215 16,783
Total endowed net assets	\$ 24,334	\$ 22,611	\$ 43,053	\$ 89,998

⁽a) Investment return authorized for operations includes \$432K of unspent temporarily restricted income and a \$500K contribution to BLUU endowment fund.

Notes to Consolidated Financial Statements (in thousands)

Note 9 - Net Assets and Endowment Matters (Continued)

Changes in endowment net assets and those functioning as endowment net assets for the fiscal year ended June 30, 2017 are as follows:

		Unrestricted	Temporarily Restricted		Permanently Restricted	Total
Endowment net assets, beginning of year	\$	\$	17,194	\$	42,436 \$	81,641
Investment return: Investment income (net of expenses Net appreciation (realized and	s)	(28)	(28)		-	(56)
unrealized)		5,430	5,532		<u> </u>	10,962
Total investment return		5,402	5,504		-	10,906
Contributions		19	711		44	774
Adjust for Underwater Funds Investment return authorized for		86	(86)		-	-
operations		(3,350)	(2,307)		 -	(5,657)
Endowment net assets, end	•	04.400	04.040	•	40 400 \$	07.004
of year	\$	24,168 \$	21,016	\$	42,480 \$	87,664

Endowment net asset composition by type of fund consists of the following at June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-imposed endowment funds Unrestricted quasi endowment funds	\$ 6,720 17,448	\$ 21,016	\$ 42,480	\$ 70,216 17,448
Total endowed net assets	\$ 24,168	\$ 21,016	\$ 42,480	\$ 87,664

Notes to Consolidated Financial Statements (in thousands)

Note 9 - Net Assets and Endowment Matters (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of June 30, 2018 and 2017.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that match or exceed a custom benchmark weighted by asset class while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return of approximately 6.2% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association's spending policy determines the amount made available for expenditure from the Association's endowment in a fiscal year using a calculation based on a weighted average of the prior year's spending adjusted for inflation (weighted at 70%), and 5.0% of the trailing four-quarter average market value of the endowment as of the previous December (weighted at 30%). However, the 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 as approved by the Board of Trustees.

Authorized spending can adjusted annually based on Board of Trustees determination for specific purpose.

In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expected the current spending policy to allow its endowment to maintain its value adjusted for inflation. This was consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

Notes to Consolidated Financial Statements (in thousands)

Note 10 - Leases and Other Commitments

Leases as Lessor

A portion of the Association's headquarters facility is leased to unrelated entities under operating lease agreements that expire at various times through 2020. Such leases provide for various escalations for operating and real estate taxes. Rental income was \$1,648 and \$1,631 for the years ended June 30, 2018 and 2017, respectively.

Future rental income under these non-cancelable leases is as follows for the years ending June 30:

2019 2020	\$ 1,487 138
Total	\$ 1,625

Leases as Lessee

The Association leases certain office equipment under operating lease agreements. Future minimum rental payments required under operating leases are as follows as of June 30:

2019	\$ 75
2020	42
2021	37
2022	10
2023	 1
Total	\$ 165

Rent expense was \$88 and \$103 for the years ended June 30, 2018 and 2017, respectively.

Guarantees

The Association guarantees certain loans extended by various lending institutions to member congregations. The outstanding guarantees were \$579 on loans totaling \$1,158 for June 30, 2018 and 2017. The loan guarantees were extended to the member congregations through the Association's loan guarantee program. The Association's policy is to guarantee 50% of the outstanding loan principal up to a maximum guarantee of \$450. The Association determined the value of these guarantees was not significant given its experience.

Notes to Consolidated Financial Statements (in thousands)

Note 10 - Leases and Other Commitments (Continued)

Insurance

The Association operates a self-funded medical health insurance program for Association employees and the employees of congregations and affiliates. The Association is administrator and sponsor of the plan. The Trustees of the plan determine premiums to be charged and use a service organization to process benefit payments. In the event that assets accumulated in the trust are insufficient to cover the expected benefit payments, the Association has provided the plan with a guarantee to satisfy any unfunded obligations of the trust. As of June 30, 2018 and 2017, the plan was sufficiently funded to cover all actuarially determined obligations. The Association maintains stop loss insurance coverage that will pay claims for an individual once a \$500 calendar year threshold is reached, up to an unlimited lifetime maximum. The Association has determined the value of this guarantee to not be a significant obligation given the funded status of the plan.

Employment Related Agreements

The Association has employment contracts with key employees, which extend over multiple fiscal years that contain provisions for payments when they retire.

Legal

The Association is subject to various claims and legal proceedings that may arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the Association.

Other Commitments

The Association acts as agent for certain donors that wish to donate funds to the Association for distribution to an outside organization. Occasionally, these funds are held at the Association pending final distribution determination by the donor and are accounted for in cash and accounts payable. Agency funds held at the Association as of June 30, 2018 and 2017 were \$8 and \$16, respectively.

During 2017, the Board approved a long-term \$5,300 funding commitment to Black Lives UU (BLUU). This commitment is guaranteed by the common endowment fund. The Association provided \$300 of funding against this commitment during 2017. The Association entered into an agreement with BLUU in January 2018 whereby the Association will donate a minimum of \$225 per calendar year to BLUU for transitional operating funds through the earlier of fulfillment of the \$5,300 commitment or December 31, 2021.

Effective May 8, 2017, the Association entered into an agreement with a third-party to implement a customized Hosting Application for Bibliographic, Production and Digital Asset Management. The total license and implementation costs amounted to \$126. At June 30, 2018, \$77 was incurred and the remaining \$49 was paid in first quarter of fiscal 2019. The Association will also pay an annual maintenance cost of approximately \$44 to the third-party after the launch date. The launch date was August 6, 2018. The agreement expires on May 8, 2023 and automatically renews for one additional year unless terminated by one of the parties.

Notes to Consolidated Financial Statements (in thousands)

Note 11 - Agency Agreement

The Association, along with five other related organizations, has entered into an agreement with the Unitarian Universalist Congregation at Shelter Rock (UUCSR) whereby the UUCSR will make \$4,500 in grants available as a match equal to the greater of \$1 or 10% of the gift pledge amount (maximum of \$10) for every new legacy gift pledge received from January 1, 2017 to June 30, 2020 to any UU member organization. Matching grants will be paid out from July 1, 2019 to June 30, 2020. Matching grants of \$151 and \$3,056 payable to the UUA and related organizations, respectively, were accrued at June 30, 2018 and \$496 payable to the UUA and related organizations, respectively, were accrued at June 30, 2017. In addition, the UUCSR has granted \$500 to the Association for program development.

Note 12 - Benefit Plans

The Association has a qualified defined contribution retirement plan covering all employees who have satisfied initial age and hour requirements. The Association makes a pension contribution of 11% of employee salary (plus housing allowance for ministers) for all employees who participate in the plan upon completing one year of employment. Employees may make additional voluntary contributions to the plan up to the established IRS limits. Contributions to the plan are fully vested immediately. Retirement plan costs were \$1,087 and \$1,088 for the years ended June 30, 2018 and 2017, respectively.

The Association provides a healthcare retirement plan (the Plan) to certain employees retired prior to 2002, as well as to certain active employees who were over age 45 on April 1, 2002. The measurement date used to determine benefit measures for the Plan is June 30.

The following table presents the Plan's funded status at June 30:

		2018	2017
Changes in benefit obligation:			
Benefit obligation at beginning of year	\$	1,761 \$	1,937
Service cost		2	2
Interest cost		72	69
Actuarial loss		-	(132)
Benefits paid		(139)	(115)
Benefit obligation at end of year	_	1,696	1,761
Change in plan assets:			
Employer contribution		139	115
Benefits paid		(139)	(115)
Fair value of plan assets at end of year	_		
Accumulated postretirement benefit obligation	\$	1,696 \$	1,761

Notes to Consolidated Financial Statements (in thousands)

Note 12 - Benefit Plans (Continued)

Assumptions used to determine the benefit obligation are as follows as of June 30:

	2018	2017
Discount rate	3.25%	3.25%
Rate of increase in healthcare costs	5.70	5.70

The ultimate healthcare cost trend rate assumption of 4.70% Pre-65 and 4.50% Post-65 used to calculate the benefit obligation is expected to be reached by 2093 for Pre-65 and 2085 for Post-65. In addition, updated mortality tables were used in 2017 to measure obligations.

A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of June 30, 2018:

	One- rcentage- nt Increase	One- Percentage- Point Decrease
Effects on total service and interest cost components for 2018	\$ 57	\$ 53
Effects on year-end 2018 accumulated postretirement benefit obligation	1,822	1,543

The expected future benefit payments are as follows for the years ending June 30:

Total	\$ 1,300
2024-2028	 600
2023	134
2022	138
2021	141
2020	143
2019	\$ 144

The expected benefits are based on the same assumptions used to measure the Association's benefit obligation at June 30, 2018 and 2017.

Notes to Consolidated Financial Statements (in thousands)

Note 12 - Benefit Plans (Continued)

Net periodic postretirement benefit cost reported as expense in the consolidated statements of activities included the following components for the years ended June 30:

	2018		2017
Service cost	\$ 2	\$	2
Interest cost	 72	_	69
Net periodic benefit cost	\$ 74	\$_	71

The ultimate healthcare cost trend rate assumption of 4.50% used to calculate the net periodic postretirement benefit cost is expected to be reached by 2084.

Note 13 - Program Expenses

The Association's program expenses and costs were as follows for the years ended June 30:

	2018	2017
Costs of goods sold and publishing expenses	\$ 7,933	\$ 7,623
Ministries and faith development	6,305	6,081
Congregational life	5,610	6,762
Other programs	4,017	3,960
International programs	1,593	1,451
Communications	2,367	2,318
Multicultural growth & witness	 1,193	 1,071
Total	\$ 29,018	\$ 29,266

Notes to Consolidated Financial Statements (in thousands)

Note 14 - Subsequent Events

The Association has evaluated subsequent events through November 19, 2018, the date the consolidated financial statements were authorized to be issued.

Two of the Association's previously independent regional operations merged into the Association as of July 1, 2016. Final legal dissolution and transfer of assets of several districts within these two regions is expected in 2018 and 2019. At June 30, 2018, the estimated increase in net assets from the merger of these districts for fiscal 2019 and 2020 is approximately \$2,005 and \$161, respectively.



Supplemental Schedule of Assets by Business Segment

June 30, 2018

	Current	General Assembly	Group Insurance Plan	Beacon Press	CPLF	UUCEF	Eliminations	Total
Assets:								
Cash and cash equivalents	\$ 6,761 \$	9	\$ 1,581	\$ 1,884	\$ 2,453	\$ -	\$ - \$	12,688
Accounts receivable, net	1,265	-	-	917	-	-	-	2,182
Pledges receivable, net	598	-	-	-	-	-	-	598
Agency receivable	3,056	-	-	-	-	-	-	3,056
Inventories, net	514	-	-	816	-	-	-	1,330
Other assets	282	-	-	950	-	33	-	1,265
Investment in UUCEF	88,668	-	-	1,334	-	190,516	(89,998)	190,520
Investments	55	-	-	-	-	-	-	55
Funds held in trust by others	46,248	-	-	-	-	-	-	46,248
Funds held in support of split-interest								
agreements	9,426	-	-	-	-	-	-	9,426
Loans to member congregations, net	-	-	-	-	3,989	-	-	3,989
Property and equipment, net	34,446	-	-	23	-	13	-	34,482
Amounts due from other business segments	39					<u> </u>	(39)	
Total assets	\$191,358\$	9	\$1,581	\$ 5,924	\$ 6,442	\$ 190,562	\$ (90,037)	305,839

Supplemental Schedule of Liabilities and Net Assets by Business Segment

June 30, 2018

	Current	General Assembly	Group Insurance Plan	Beacon Press	CPLF	UUCEF	Eliminations	Total
Liabilities:								
Accounts payable and accrued expenses	\$ 3,100 \$	-	\$ - \$	1,720 \$	- \$	190 \$	- \$	5,010
Agency liability	3,056	-	-	-	-	-	-	3,056
Annuity liabilities	1,981	-	-	-	-	-	-	1,981
Bank debt	6,782	-	-	-	713	-	-	7,495
Obligations under split-interest agreements Accumulated postretirement benefit	5,615	-	-	-	-	-	-	5,615
obligation	1,696	-	-	-	-	-	-	1,696
Amounts due to (from) other business								
segments	(148)			39	(70)	218	(39)	
Total liabilities	22,082		<u> </u>	1,759	643	408	(39)	24,853
Minority interest in UUCEF			<u> </u>		<u> </u>	100,156		100,156
Net assets:								
Unrestricted	51,142	9	1,581	3,947	1,186	89,998	(89,912)	57,951
Temporarily restricted	63,216	-	-	177	201	-	(86)	63,508
Permanently restricted	54,918		<u> </u>	41	4,412			59,371
Total net assets	169,276	9	1,581	4,165	5,799	89,998	(89,998)	180,830
Total liabilities and net assets	\$ 191,358 \$	9	\$ <u>1,581</u> \$ _	5,924 \$	6,442 \$	190,562 \$	(90,037) \$	305,839

Supplemental Schedule of Unrestricted Activities by Business Segment

For the Year Ended June 30, 2018

	Current	General Assembly	Group Insurance Plan	Beacon Press	CPLF	UUCEF	Eliminations	Total
Operating:								
Support and revenue:								
Fundraising and gifts and bequests	\$ 13,317	\$ -	\$ - \$		- \$	- \$	(29) \$	13,288
Net sales from publishing activities	956	-	-	7,356	-	-	- (000)	8,312
Sales and administrative services Investment return authorized for operations	1,707 4,453	1,202	-	-	20	-	(868) 37	2,041 4,510
Distributions from Holdeen Trusts	1,109	-	-	-	20	-	3 <i>1</i>	1,109
Other investment income	1,103	-	_	14	195	_	_	209
Rental income	1,648	_	_	-	-	_	_	1,648
Other income	3,353	-	1,784	506	_	_	(150)	5,493
Net assets released from restriction	2,065		<u>-</u>	176				2,241
Total support and revenue	28,608	1,202	1,784	8,052	215		(1,010)	38,851
Expenses:								
Board and volunteer leadership	541	-	_	_	_	_	_	541
Multicultural growth and witness	1,193	-	-	-	-	-	-	1,193
International	1,593	-	-	-	-	-	-	1,593
Congregational life	5,610	-	-	-	-	-	-	5,610
Ministry and faith development	5,025	-	1,778	-	-	-	(498)	6,305
UU Funding Program and Crisis Relief	2,532	-	-	-	-	-	-	2,532
Communications	2,367 312	-	-	- 7 770	-	-	(450)	2,367
Cost of goods sold and publishing expenses Administration	1,694	-	-	7,772	-	-	(150)	7,934 1,694
Stewardship and development	2,186	-	_	-	_	_	_	2,186
Information technology services	1,521	_	_	_	_	_	_	1,521
Internal services	2,735	-	-	_	_	_	_	2,735
Rental expense	669	-	-	-	-	-	-	669
General assembly	-	1,484	-	-	-	-	-	1,484
Expenses associated with investment pools	-	-	-	-	229	-	(190)	39
Interest expense	267				29			296
Total expenses	28,245	1,484	1,778	7,772	258	-	(838)	38,699
Increase (decrease) in unrestricted net assets from operations	363	(282)	6	280	(43)	<u> </u>	(172)	152
Nonoperating:								
Investment income	7,888	-	-	101	-	15,399	(15,219)	8,169
Increase in value of funds held in support of split-interest agreements and trusts		-	-	-	-	-	-	(20)
Investment return - debt financing	873	-	-	-	-	-	-	873
Unfunded depreciation	(741)			-		-		(741)
Total decrease in net assets from nonoperating activities	8,000			101		15,399	(15,219)	8,281
Minority interest in investment earnings of UUCEF	(7,912)							(7,912)
Increase (decrease) in unrestricted net assets	\$ 451	\$ (282)	\$6	3 <u>381</u> \$	(43) \$	15,399	(15,391) \$	521

Financial Statements

Unitarian Universalist Common Endowment Fund LLC

June 30, 2018 and 2017



Financial Statements

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Independent Auditors' Report

The Board of Trustees Unitarian Universalist Common Endowment Fund LLC Boston, Massachusetts

We have audited the accompanying financial statements of the Unitarian Universalist Common Endowment Fund LLC ("UUCEF"), which comprise the statements of net assets, including the schedules of investments, as of June 30, 2018 and 2017, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UUCEF as of June 30, 2018 and 2017, and the operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

November 19, 2018 Boston, Massachusetts

Mayu Hayeman Melann P.c.

Statements of Net Assets

June 30,

2018			2017				
\$	189,135	\$	180,961				
	1,381		1,629				
	33		32				
	13		39				
_							
	190,562		182,661				
_	408		243				
\$	190,154	\$	182,418				
=	· · · · · · · · · · · · · · · · · · ·	:	<u> </u>				
	(in units and dollars)						
	21.560.160.0964		22,472,092.7015				
=	,,	: :	,,				
\$_	8.8197	\$	8.1175				
	\$ \$ = \$=	\$ 189,135 1,381 33 13 190,562 408 \$ 190,154 (in units a 21,560,160.0964	\$ 189,135 \$ 1,381 33 13 190,562 408 \$ 190,154 \$ (in units and 21,560,160.0964				

Schedule of Investments

June 30, 2018

Description	Security Type	Initial Investment Date		Cost Basis	Fair Value	% of Net Assets
Domestic Equity						
	Traded Equities	Various	\$	37,886	\$ 51,984	27%
	Pooled Fund	4/1/2016	_	6,835	 8,459	4%
			_	44,721	 60,443	
International Equity						
	Traded Equities	5/1/2010		11,827	15,093	8%
	Mutual Fund	4/1/2013		12,436	16,190	9%
	Pooled Fund	Various	_	18,425	 22,867	12%
			_	42,688	 54,150	
Fixed Income						
	Traded Fixed Income	11/1/2014		13,651	13,445	7%
	Pooled Fund	Various	_	26,677	 27,844	15%
			_	40,328	 41,289	
Opportunistic						
	Northern European Focused Fund	4/1/2015		5,500	6,308	3%
	Hedge Fund of Funds	8/1/2009		805	780	0%
	Global Asset Allocation Mutual Fund	1/1/2008	_	19,365	 19,278	10%
			_	25,670	 26,366	
Private Markets						
	UK Sterling Pooled Real Estate Fund	8/1/2015		610	993	1%
	Private Investment Fund	6/1/2014		1,470	1,628	1%
	Opportunistic Expansion	Various	_	2,000	 2,579	1%
0.11			_	4,080	 5,200	
Other	Loans and Depository Agreements	Various	-	1,687	 1,687	1%
Total Investments			\$_	159,174	\$ 189,135	99%

Schedule of Investments

June 30, 2017

Description	Security Type	Initial Investment Date		Cost Basis	ı	Fair Value	% of Net Assets
Domestic Equity							
	Traded Equities	Various	\$	39,406	\$	50,566	28%
	Pooled Fund	4/1/2016	_	6,715		7,561	4%
			_	46,121	_	58,127	
International Equity							
	Traded Equities	5/1/2010		11,224		14,095	8%
	Mutual Fund	4/1/2013		12,436		14,782	8%
	Pooled Fund	Various	_	18,425		21,373	12%
			_	42,085		50,250	
Fixed Income							
	Traded Fixed Income	11/1/2014		13,309		13,471	7%
	Pooled Fund	Various	_	26,703	_	27,727	15%
			_	40,012	_	41,198	
Opportunistic							
	Northern European Focused Fund	4/1/2015		5,500		6,120	3%
	Hedge Fund of Funds	8/1/2009		805		802	0%
	Global Asset Allocation Mutual Fund	1/1/2008	_	19,887	_	19,610	11%
			_	26,192	_	26,532	
Private Markets		0/4/0045		4.077		4 405	40/
	UK Sterling Pooled Real Estate Fund	8/1/2015		1,277		1,425	1%
	Private Investment Fund	6/1/2014	_	1,451		1,857	1%
Other			_	2,728	_	3,282	
Other	Loans and Depository Agreements	Various	-	1,572	_	1,572	1%
Total Investments			\$_	158,710	\$_	180,961	99%

Statements of Operations

For the Years Ended June 30,

		2018	2017
Investment income	\$_	2,311 \$	1,880
Expenses:			
Investment manager fees		1,287	1,163
Consultant and other expenses		489	446
UUA administrative fees		374	348
Audit fees	_	37	39
Total expenses	_	2,187	1,996
Net investment gain (loss)	_	124	(116)
Realized and unrealized gains from investments:			
Net realized gain from investments sold		7,564	6,032
Net change in unrealized investment gains	_	7,710	16,803
Net realized and unrealized gains from investments	_	15,274	22,835
Net increase in net assets from operations	\$ _	15,398 \$	22,719

Statements of Changes in Net Assets

For the Years Ended June 30, 2018 and 2017

Net assets July 1, 2016	\$_	170,391
Change in net assets from operations:		
Net investment loss		(116)
Net realized gains		6,032
Net change in unrealized appreciation	_	16,803
Change in net investment return		22,719
Change in net assets from fund share transactions	_	(10,692)
Total change in net assets	_	12,027
Net assets June 30, 2017	_	182,418
Change in net assets from operations:		
Net investment gains		124
Net realized gains		7,564
Net change in unrealized depreciation	_	7,710
Change in net investment return		15,398
Change in net assets from fund share transactions	_	(7,662)
Total change in net assets	_	7,736
Net assets June 30, 2018	\$ _	190,154

Statements of Cash Flows

For the Years Ended June 30,

		2018	2017
Cash flows from operating activities:			
Change in net assets	\$	15,398	\$ 22,719
Adjustments to reconcile change in net assets to net cash			
provided by operating activities:			
Net change in realized and unrealized gains from investments		(15,274)	(22,835)
Amortization		26	25
Purchase of investments		(13,891)	(37,089)
Proceeds from sales and maturities of investments		20,991	37,911
Changes in assets and liabilities:			
Other current assets		(1)	(1)
Accrued expenses and other liabilities		165	35
	-		
Net cash provided by operating activities		7,414	765
Cash flows from financing activities:			
Capital contributions		6,472	6,174
Capital withdrawals		(14,134)	(16,866)
·	-	· · ·	
Net cash used in financing activities	-	(7,662)	(10,692)
Net change in cash and cash equivalents		(248)	(9,927)
The change in each and each equivalence		(= :0)	(0,0=: /
Cash and cash equivalents as of beginning of period	_	1,629	11,556
	•		
Cash and cash equivalents as of end of period	\$	1,381	\$ 1,629

Notes to Financial Statements (in thousands)

Note 1 - Business and Organization

The Unitarian Universalist Common Endowment Fund LLC ("UUCEF") is a Massachusetts limited liability company formed pursuant to a Limited Liability Operating Agreement ("Agreement") dated October 11, 2012. The purpose of the entity is to provide a centralized investment vehicle for the Unitarian Universalist Association (the "Association"), its member congregations, and certain other qualified entities. The Association provides oversight and management of UUCEF and its investments. The Association had long managed such an investment vehicle; however, for business reasons, the Association determined that it would be prudent to house such activities within its own entity dedicated to such efforts. Activities commenced on January 1, 2016 with the transfer of assets and related ownership interests as of that date.

UUCEF provides an opportunity for member congregations to invest their funds utilizing professional investment management, administration and reporting capabilities. The funds are operated much like a mutual fund with the investments of UUCEF and member congregations being co-mingled such that each participant will share in the returns on the funds in pro-rata relationship to their units of ownership. New units are issued when new monies are to be invested, while redemptions reduce units outstanding. The net asset value per unit is adjusted monthly based on underlying changes in the fair value of investments.

The investments of UUCEF are deployed under the general direction of an Investment Committee appointed by the Association's Board of Trustees. The Investment Committee has contracted with an outside consultant to assist in the selection and oversight of professional investment management firms, an asset allocation policy and guidelines for rebalancing asset classes. The professional investment management firm, under the oversight of the Investment Committee, manages the investment portfolio.

Note 2 - Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. UUCEF is considered a non-profit entity that follows investment type Company accounting and reporting guidance in accordance with Financial Accounting Standards Board ("FASB") ASC No. 946, *Financial Services – Investment Companies*. The significant accounting policies followed by UUCEF are as follows:

Cash and Cash Equivalents

UUCEF considers highly liquid instruments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment. Cash equivalents include treasury money market and money market mutual funds which are not insured. UUCEF maintains its cash balances at several financial institutions, which, at times, may exceed federally insured limits. UUCEF monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Notes to Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

Investments are stated at fair value, as determined by quoted market prices, where available. Where quoted market prices are not available, fair value is determined either by reference to similar investments or to values established by the managers of such investments. Certain investments are not readily marketable (alternative investments) and are recorded at fair value based on UUCEF's proportionate share of the fair value of underlying investments. The fair value of investments is determined by the individual investment manager.

UUCEF estimates that this valuation method most fairly presents the amount that would have been realized had the investment been sold to a willing buyer as of the date of the financial statements. Because of the inherent uncertainty of valuations, and changes in valuations over time, the estimated values may differ from the realized values at the point of sale. The estimated amounts may differ from the values that would have been available had a ready market existed. Increases or decreases in fair value are recorded in the accompanying statements of operations.

UUCEF has implemented policies and procedures to assess the reasonableness of the fair values provided and it believes that the reported fair values are reasonable.

Software Implementation Costs

Software is stated at cost at the date of acquisition and is being amortized on a straight-line basis over 4 years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the financial statements relate to the valuation of portfolio investments and accruals. Actual results could differ from those estimates.

Investment Transactions and Investment Income, Realized and Unrealized Gains and Losses

Investment transactions are recorded on a trade-date basis. The identified cost method is used in determining realized gains and losses. Current market value measured against historical value is used in determining unrealized gains and losses. Dividend income is recognized on the ex-dividend date, and interest income is recognized on the accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with UUCEF's understanding of the applicable country's tax rules and rates.

Notes to Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

UUCEF reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include UUCEF's investment. The fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, UUCEF reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this is met. Fair value standards also require UUCEF to classify financial instruments (except for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

Income Taxes

UUCEF has been determined to be exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). UUCEF is classified under the Code as a public charity Type I supporting organization under Section 509(a)(3).

Notes to Financial Statements (in thousands)

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

UUCEF accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. UUCEF has a number of tax positions, none of which result in an uncertainty requiring recognition. UUCEF is not currently under examination by any taxing jurisdiction. As a tax-exempt church related organization, UUCEF is exempt from filing certain non-profit filings. UUCEF does file a Form 990T.

Note 3 - Fair Values of Financial Instruments

The following tables present financial assets as of June 30, 2018 and 2017 that UUCEF measures fair value on a recurring basis, by level, within the fair value hierarchy:

Invactments

		investments 2018						
						Investments Measured at		
		Level 1		Level 2		NAV		Total
Domestic Securities	\$	51,984	\$	8,459	\$	-	\$	60,443
International Equity		15,093		39,057		-		54,150
Fixed Income		13,445		18,376		9,468		41,289
Opportunistic		19,278		-		7,088		26,366
Private Markets		-		-		5,200		5,200
Other	_	-		1,687				1,687
Total investments	\$_	99,800	\$_	67,579	\$	21,756	\$	189,135

Investments have the following redemption notice periods at June 30, 2018:

Total	\$ 189,135
Illiquid	7,667
Quarterly	6,308
Bi-monthly	19,734
Monthly	24,345
Daily	\$ 131,081

Notes to Financial Statements (in thousands)

Investments

1.572

63,545 \$

19,674 \$

Note 3 - Fair Values of Financial Instruments (Continued)

Other

Total investments

		2017								
		Investments Measured at								
	Level 1		Level 2		NAV		Total			
Domestic Securities	\$ 50,566	\$	7,561	\$	-	\$	58,127			
International Equity	14,095		36,155		-		50,250			
Fixed Income	13,471		18,257		9,470		41,198			
Opportunistic	19,610		-		6,922		26,532			
Private Markets	-		-		3,282		3,282			

Unfunded commitments to the investment vehicles amounted to \$5,995 and \$5,495 at June 30, 2018 and 2017, respectively. Funds allow for managers to limit normal redemptions under certain circumstances which could impact the ultimate availability of funds. In addition, funds in trust are controlled by outside organizations and thus are not redeemable.

97,742 \$

Management has no intentions or plans to liquidate any net asset value per share practical expedient investments at other than net asset value per share.

Note 4 - Membership Interest and Related Party Transactions

The beneficial interests in UUCEF for the Association, affiliated member congregations and other qualified entities is represented by units without par value. Each unit represents an equal beneficial interest in the net assets of UUCEF. The Association, as manager of UUCEF, has full power and authority to issue additional units, redeem or cause the redemption of units, or take such other action with respect to the units as provided for under the Operating Agreement.

The net increase (decrease) in net assets resulting from operations is allocated to each member on a monthly basis in proportion to the number of units held by them as of the valuation date.

The Association's endowment owned 47.3% and 48.1% of the units outstanding as of June 30, 2018 and 2017, respectively. Association administered trusts for the benefit of affiliated congregations and qualified entities accounted for 8.4% of the units outstanding as of June 30, 2018 and 2017.

The Association earned administrative fees of \$374 and \$348 to manage UUCEF during the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, the amount due to the Association was \$218 and \$29, respectively.

1.572

180,961

Notes to Financial Statements (in thousands)

Note 5 - Financial Highlights (in per share amounts)

Per unit operating performance (for a participating unit outstanding) for years ended June 30, 2018 and 2017:

Net asset value at July 1, 2016		\$	7.1337
Net investment loss			(0.0048)
Net realized and unrealized gain		_	0.9886
Net asset value at June 30, 2017			8.1175
Net investment income			0.0058
Net realized and unrealized gain		_	0.6964
Net asset value at June 30, 2018		\$_	8.8197
	2018		2017
Total return (a)	8.70%		13.80%
Ratio of expenses to net assets	1.16%		1.14%
Ratio of net investment income	8.10%		12.45%

⁽a) UUCEF's rate of return is calculated by the Association's investment consultant in accordance with the Global Investment Performance Standards (GIPS) which take into account intra-period cash flows, distributions and the relative weighting of asset classes.

Financial highlights are calculated for members taken as a whole. A member's return and ratio may vary based on timing of capital transactions. The net investment income ratio does not reflect the income and expenses incurred by underlying private investment companies.

Rollfoward of number of beneficial shares in units outstanding for the years ended June 30, 2018 and 2017:

Beneficial shares in units outstanding at July 1, 2016	23,885,270
Units issued	784,912
Units redeemed	(2,228,876)
Pending issuance	30,787
Beneficial shares in units outstanding at June 30, 3017	22,472,093
Units issued	707,751
Units redeemed	(1,657,010)
Pending issuance	37,326
Beneficial shares in units outstanding at June 30, 3018	21,560,160

Notes to Financial Statements (in thousands)

Note 6 - Subsequent Events

UUCEF has evaluated subsequent events through November 19, 2018, the date the financial statements were authorized to be issued.



Continuing Education Task Force Report

December 2018

Members:

Rev. Darrick Jackson

Rev. Alicia Forde

Rev. David Pettee

Rev. Jude Geiger

Rev. Shana Lynngood

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Introduction

For several years, the UUMA's CENTER Committee (Continuing Education, Network, Training, Enrichment, and Renewal) has been interested in the idea of continuing education requirements for ministers. During their Fall 2017 meeting, the committee met with Alicia Forde, UUA Professional Development Director, Jesse King, Chair of the Ministerial Fellowship Committee and David Pettee, UUA Ministerial Credentialing Director to talk about what it might look like to have continuing education requirements for Unitarian Universalist ministers. Out of that conversation was born the Continuing Education Task Force which consisted of Darrick Jackson (UUMA), Alicia Forde (UUA), David Pettee (UUA), Jude Geiger (UUMA), and Shana Lynngood (MFC).

The task force began meeting in January of 2018 with the charge to explore what continuing education requirements might look like and to make recommendations regarding what it could be, and how it might be implemented. Early on in our conversations, we realized that we are talking about a cultural shift. We recognized that we have a ministerial culture that says that we are done learning when we get final fellowship. And we come from a tradition that has revered the "learned ministry." This statement implies that we do not continue to grow in the ministry nor have things that we need to learn. We wanted to shift our culture into being a "learning ministry." This recognizes that excellence in ministry is not a peak that we achieve but a path of continually growing and learning and being shaped by our experiences, a continued understanding of revelation that is ongoing and unending. From this vantage point, we approached this process by looking at how we can encourage and nurture continuing education as a new norm in UU ministerial culture, instead of looking into punitive measures.

The committee started by looking at other models of continuing education. We reviewed continuing education requirements in other denominations as well as looking at other professional organizations. This research showed a range of 10-40 hours a year in cycles of up to five years. This gave us a baseline from which to explore possibilities.

The committee decided to hold focus groups around continuing education to get a sense of what resonated with our colleagues. These focus groups consisted of both people who had not participated in UUMA programming over the past several years as well as open to any UU ministers who was interested in the conversation. During the focus groups we asked the following questions:

• We are exploring adding a requirement for all minister to do Continuing Education. If we were to do so, what amount of hours and how often would be doable and meaningful (for example, 20 hours /year)?

- We are thinking that the priority in continuing education should be around ARAOM and Boundaries. What priorities do you see in Continuing education?
- What would be a great incentive to encourage people to do Continuing Education?
- What is the best Continuing Education experience you have had?

The responses showed that there was interest in moving in this direction and that 20 hours/year would not be too onerous. It also raised the point that time and money were barriers for people doing continuing education. You will find a summary of these conversations in the Appendix.

As we were doing these focus groups, we decided to ask questions on Facebook to get broader consensus around what we were discovering in the focus groups. Over a period of several weeks we asked the following questions:

- We are thinking that the priority in continuing education should be around ARAOM and Boundaries. What priorities do you see in Continuing education?
- How do we ensure the trainings the UUMA offers are relevant to your ministerial context?
- We are trying to get a broad sense of what timing and schedule would be meaningful and considered doable for how on-going professional development expectations are set. The answers below indicate what you would both be willing to do and be able to do.

The answers to these survey questions generated quite a bit of conversation and questions and helped us further clarify our recommendations for this report. You can see the survey results in the appendix. With all of this information and further conversation, the continuing education task force makes nine recommendations that are elucidated on the following pages.

We offer our gratitude for this opportunity to serve our colleagues and serve our faith. Continuing education is central to a Unitarian Universalist ministry that is alive, vibrant and grounded in integrity and accountability. May these recommendations be the beginning of a lasting change in our faith and our ministry.

Recommendations

Recommends that ministers in final fellowship be required to do 60 hours of continuing education over a three-year period.

This recommendation was derived from our review of other professional organizations continuing education requirements, as well as the polls and conversations with UUMA members. Giving three years allows people time to spread out their continuing education hours if they have a challenging year or a planned sabbatical. Most ministers said that an average of 20 hours a year seemed reasonable for continuing education.

Recommends that everyone must do training in the areas of anti-racism, anti-oppression and multiculturalism, and in ministerial ethics and boundaries in every three-year period.

Recognizing that the two largest issues facing ministry at this time are white supremacy culture and sexual misconduct, everyone will be required to do continuing education in antiracism, anti-oppression, and multiculturalism, and in ministerial ethics and boundaries. The rest of the continuing education will reflect the individuals personal learning needs.

Recommends that the APC model be used as the model for UUMA

In order to structure the Continuing education requirements, the task force recommends adapting the continuing education model that APC (Association for Professional Chaplains) uses, which can be found at

http://bcci.professionalchaplains.org/files/continuing_education/ce_guidelines.pdf. This model delineates requirements based on the methodology used rather than that topic. It gives clear guidelines on what is counted and how it contributes to the total hours. In preparation for the adaptation of this model, we make the following recommendations.

- Fulfilling the Call be used as a resource for clarifying guidelines
- A continuing education (CE) hour is equal to 60 minutes. Only actual education time is counted (total time minus meals and breaks).
- A continuing education activity may be counted only once.
- Activities that are a regular, or routine, part of one's professional job description that are not intended to contribute to one's professional development may not be used as continuing education.
- CE hours are counted in the following methodologies, and at least two methodologies must be included.

Methodology	What Counts	What Doesn't Count
Attending Educational	Workshops, symposiums,	Educational activities
Events	seminars, webinars, and academic courses that relate to your ministry context.	unrelated to your ministry context

Multing	Marking for multipation or	C
Writing	Writing for publication or	Sermons
	presentation, such as articles,	
	books or media materials you	Newsletter articles
	have authored on topics	
	related to professional	Blog entries
	ministry.	
		Op-ed pieces
	Writing or compiling a	
	presentation for teaching.	Letters to editors
Teaching	Formal teaching	Supervision of students
	Leading a seminar	Facilitating a grief or
		spirituality group
	Conference workshop	
		Retreat
	Seminary class	
	,	Leading Religious Education
		Course
Professional Self-Care	Sessions with a Spiritual	Personal massage
(4 hours max.)	Director	_
,		Yoga
	Spiritual retreats	S
	·	Case review
	Professional counseling with	
	a licensed psychologist, social	Colleague support group
	worker or therapist	
		Denominational meetings
Reading/Self-Instruction	Reading books and articles	Anything not related to self-
	about ministry-related topics.	instruction; part of the job
	and the same of th	
	Reading for educational	Reading not directly related
	coursework toward an	to ministry.
	advanced degree related to	
	professional ministry.	Reading that is part of
	p. 2. 233.2	educational coursework
	Self-instruction for the	which is not related to
	purpose of teaching a topic	ministry.
	related to ministry.	ministry.
	related to ministry.	

Peer Review

Your personal covenant group, if it includes a formal presentation of your ministry (such as a verbatim or case study) and allows for documented critique and frank discussion by two or more colleagues

Your professional consultation about your related ministry that includes a formal presentation (such as a verbatim or case study) and allows for documented critique and frank discussion by two or more colleagues

A covenant or support group (as a leader or as a participant) that does not include a formal presentation of your ministry, as described above.

Regular (weekly, monthly, etc.) meetings and groups that are a part of your function as a minister, employee or faith group leader

Consultation, review, certification and accreditation meetings for another person

Recommends that Continuing Education be implemented by the UUMA

The task force head quite a bit of conversation regarding incentives for continuing education. We recognize that these requirements are a major cultural shift for us and looked at how to support that shift in the best way possible. In our conversations, we recognized that if this was an MFC requirement, it would raise the stakes significantly. And this could impede the cultural shift we are trying to make. We also recognized that the UUMA already has the infrastructure to handle Continuing Education tracking. We imagined the MFC making mandatory requirements in the future but feel that starting with the UUMA could better facilitate the cultural shift from a learned ministry to a learning ministry

Recommends flexibility for ministers bound by other continuing education requirements

In our consideration of continuing education, we recognize that many of our community ministers already have continuing education requirements for their community ministry. We want our UUMA requirements to compliment, not be in addition to those requirements. By using the APC structure, we hope that most community ministers current continuing education requirements will fall within that structure easily. We are bringing our parish colleagues in line with what most community ministers are already required to do. The structure for ministerial continuing education should be flexible enough to allow ministers to match requirements. We recommend flexibility and conversation to help make competing continuing education requirements align with one another.

Recommends that resources be available to assist members in completing continuing education requirements.

It is important that we do not set requirements without providing avenues for those requirements to be met. We recommend that the UUMA compile and make available a list of lower costs resources for completing continuing education, in acknowledgment that finances was named as a barrier for ministers. We also recommend that connections to resources around funding opportunities also be made available. This includes the funding opportunities that already exist within the UUMA and the UUA but also other funding opportunities out in the broader world that could be of assistance to ministers. Finally, we recommend that communication regarding continuing education requirements go out to congregations to encourage them to provide adequate professional development funds for their minister.

Recommends that Continuing Education be added into the UUMA Guidelines

As we look towards making a cultural shift around continuing education. we recommend that the UUMA consider adding language around continuing education into the UUMA guidelines. The hope is that having this language in the guidelines will raise the importance of continuing education as part of the expectations of ministers.

Recommends that Continuing education be a requirement for UUMA leadership.

Our UUMA leaders should model the expectations that we have of all our members. Leadership is one of the benefits you receive for maintaining your continuing education.

Recommends that Continuing Education interface with the transitions process

As we looked at ways to incentivize completing continuing education, we believe that connecting the requirements to the transitions process could be beneficial. We recommend that the transitions office include a section on continuing education in the ministerial profile. We also recommend that congregations in search be encouraged to look favorably upon ministers who have completed their continuing education. We could also see some benefits for ministers up to date with their continuing education to have early access to the search process. We encourage the UUMA to be in conversation with the transitions office on what might be possible.

Summary of Recommendations

- 1. Recommends that ministers in final fellowship be required to do 60 hours of continuing education over a three-year period.
- 2. Recommends that everyone must do training in the areas of anti-racism, antioppression and multiculturalism, and in ministerial ethics and boundaries in every threeyear period.
- 3. Recommends that the APC model be used as the model for UUMA
- 4. Recommends that Continuing Education be implemented by the UUMA
- 5. Recommends flexibility for ministers bound by other continuing education requirements
- 6. Recommends that resources be available to assist members in completing continuing education requirements.
- 7. Recommends that Continuing Education be added into the UUMA Guidelines
- 8. Recommends that Continuing education be a requirement for UUMA leadership.
- 9. Recommends that Continuing Education interface with the transitions process

Appendix A

Continuing Education Task Force Focus Group Summary

We are exploring adding a requirement for all minister to do Continuing Education. If we were to do so, what amount of hours and how often would be doable and meaningful (for example, 20 hours /year)?

All of the respondents were comfortable with the idea of 20 hours/year. A couple suggested that we use a multi-year model (i.e. 40 over 2 years). The big question is what counts for hours? That would determine if we could ask for more than 20. And how is the time evaluated? Does collegial time count? How about reading or spiritual direction?

We are thinking that the priority in continuing education should be around ARAOM and Boundaries. What priorities do you see in Continuing education?

Most agreed with ARAOM and ministerial boundaries as priorities. Many see the need for flexibility within any requirements to assess our own needs, and to hold space for a diversity of ministries. A few suggested using Fulfilling the Call as a Baseline. Other topics mentioned:

- Conflict
- Mental health
- Self-Care
- Administration
- Ableism
- classism

What would be a great incentive to encourage people to do Continuing Education?

A few people stressed the importance of compelling and diverse options. Several suggested some sort of recognition, such as Board Certified, or a certificate would be helpful. The opportunity to teach was also lifted up. A couple of people mentioned that it should be required for fellowship. It was also stressed that if this is a requirement, resources should be available to support ministers doing it. The barriers of money and time were lifted up in these conversations.

What is the best Continuing Education experience you have had?

- Parker Palmer
- Larry Peers
- Pilgrimage in Ireland (interest in a topic that gave an opportunity to stretch comfort zone).
- courses at Pacific School of Religion.

- Rev. Eric Baron's training in Intercultural Conflict.
- Center on Congregations class on church finance.
- Programming that includes colleagues
- Workshops at GA.
- workshops at Institute (Marcia McFee was named explicitly)
- Classes at Union Theological School.
- where the conversation/thinking/practice in the prof. dev. experience is able to continue in the ministry site.
- Spiritual Direction program (Hayden Institute in South Carolina was named)
- A week at Navajo reservation learning to weave Navajo blankets (Learned about weaving but also learned about life on the margins.)
- Documentary series "Seeing White" origins of the concept of whiteness.
- Community Ministers Retreat
- monthly UU Chaplain Zoom group
- Chapter Retreats

Other

- Forum or another resource on what continuing education people are doing.
- Regular mailing on CE opportunities.
- Where can the seminaries intersect with this?
- Professional Development plan
- Shared professional development/continuing education as part of shared ministry
- Repository of best practices of church policies and procedures

Appendix B Summary of Facebook Polls

We are thinking that the priority in continuing education should be around ARAOM and Boundaries. What priorities do you see in Continuing education?

Topic	Votes
Anti-Racism/Anti-Oppression/Multiculturalism	
Addressing Congregational Dysfunction	67
Keeping Worship Relevant in a Changing World	38
Responding to cultural shifts (Family Ministry)	35
Boundaries	24
Current Theological Study	
Address the perceived irrelevancy of church	
Developing and maintaining a spiritual practice	
Family systems theory	8
Community Organizing	8
Ministering to folks who have experienced trauma - how do we care for them? how	7
do we care for ourselves as we do this work?	
Ministering to folks living with mental illness	
Closing the backdoor, or how do we keep people, especially our children	
Staff Supervision	
Ministering to folks living with addiction	
Innovative funding options / streams of income	
Preventing burnout/setting limits around overwork/over-functioning/building real	
shared ministry	
Ministering to folks living with domestic violence	
After pastor (broadly)	
Evaluating a shared ministry. Noticing when it is time to leave a congregation, even	
when it is not convenient for you or even them.	
Theological reflection workshop where on explored theology from formation,	
experiences in ministry since then, and exploring theology now	
POC practice of healing from white supremacy	1

How do we ensure the trainings the UUMA offers are relevant to your ministerial context?

Response	
Look at changes in MFC requirements that are very different from what previous	
cohorts of ministers have been expected to know/learn.	
Technical trainings should utilize lenses that intersect with adaptive learning (e.g.	
Supervision + Anti-Racism)	
Focus on know problem issues and hot button issues	

Pay attention to the issues colleagues are bringing to their coaching and mentoring	
sessions.	
Give APC chaplains credit for the 50 hours of BCCI required C.E.s.	
Conflict engagement tools for both UUA Staff colleagues and parish based ministers	
Trainings focused on proven solutions and innovative approaches to basic issues. Ex:	2
sustainable ministry in radically changed economy?	
Systems theory and cultural sensitivity	
Look back at what issues have caused flareups in this facebook group and what	
caused them (i.e. lack of listening, boundaries, etc)	
Trainings should be as general as possible to apply to the widest range of colleagues.	
Emphases on personal transformation to role model and increase effectiveness and	
reduce stresses. I.e. require mindfulness, EQ-HR,	

We are trying to get a broad sense of what timing and schedule would be meaningful and considered doable for how on-going professional development expectations are set. The answers below indicate what you would both be willing to do, and be able to do.

Schedule	
A total of 60 hours of professional development - over a three year schedule.	
20 hours of professional development -annually accomplished.	
A total of 40 hours of professional development - over a two year schedule.	
Flexible scheduling of professional development over a 1, 2, or 3-year plan, averaging	
20 hours per year.	
20 hours of yearly professional development, as averaged over each three	
consecutive year period if FT; 10 hours if PT.	
10 hours of professional development -annually accomplished.	